



General Assembly

## ***Amendment***

***February Session, 2018***

**LCO No. 5276**



Offered by:

REP. LESSER, 100<sup>th</sup> Dist.

SEN. MARTIN, 31<sup>st</sup> Dist.

SEN. WINFIELD, 10<sup>th</sup> Dist.

REP. SIMANSKI, 62<sup>nd</sup> Dist.

To: Subst. House Bill No. **5490**

File No. 303

Cal. No. 218

### ***"AN ACT CONCERNING CONSUMER CREDIT LICENSES."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Section 36a-1 of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective October 1, 2018*):

5 This title shall be known as the "Banking Law of Connecticut" and  
6 shall be applicable to all Connecticut banks, Connecticut credit unions,  
7 mortgage lenders, mortgage correspondent lenders, mortgage brokers,  
8 mortgage loan originators, loan processors or underwriters, money  
9 transmitters, check cashers, trustees under mortgages or deeds of trust  
10 of real property securing certain investments, corporations exercising  
11 fiduciary powers, small loan lenders, sales finance companies,  
12 mortgage servicers, debt adjusters, debt negotiators, consumer  
13 collection agencies, student loan servicers, mortgage lead generators

14 and to such other persons as subject themselves to the provisions of  
15 this title or who, by violating any of its provisions, become subject to  
16 the penalties provided in this title.

17 Sec. 2. Section 36a-3 of the 2018 supplement to the general statutes is  
18 repealed and the following is substituted in lieu thereof (*Effective*  
19 *October 1, 2018*):

20 Other definitions applying to this title or to specified parts thereof  
21 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485, as amended by this act, and 36a-615.
- T5 "Advertise", "advertisement" or "advertising". Sections 36a-485, as  
T6 amended by this act, 36a-535, as amended by this act, 36a-586,  
T7 as amended by this act, 36a-596, as amended by this act, 36a-655, as  
T8 amended by this act, 36a-671, as amended by this act, and 36a-846, as  
T9 amended by this act.
- T10 "Agency bank". Section 36a-285.
- T11 "Agent". Section 36a-494, as amended by this act.
- T12 "Alternative mortgage loan". Section 36a-265.
- T13 "Amount financed". Section 36a-690.
- T14 "Annual percentage rate". Section 36a-690.
- T15 "Annual percentage yield". Section 36a-316.
- T16 "Annuities". Section 36a-455a.
- T17 "Applicant". Section 36a-736.
- T18 "APR". Section 36a-746a.
- T19 "Assessment area". Section 36a-37.
- T20 "Assets". Section 36a-70, as amended by this act.
- T21 "Associate". Section 36a-184.
- T22 "Associated member". Section 36a-458a.
- T23 "Authorized delegate". Section 36a-596, as amended by this act.
- T24 "Bank". Section 36a-30.
- T25 "Bankers' bank". Section 36a-70, as amended by this act.

T26	"Banking business". Section 36a-425.
T27	"Basic services". Section 36a-437a.
T28	"Billing cycle". Section 36a-565, <u>as amended by this act.</u>
T29	"Bona fide nonprofit organization". Sections 36a-487, <u>as amended by this</u>
T30	<u>act,</u> and 36a-655, <u>as amended by this act.</u>
T31	"Branch". Sections 36a-145, 36a-410 and 36a-435b.
T32	"Branch office". Sections 36a-485, <u>as amended by this act,</u> and 36a-715,
T33	<u>as amended by this act.</u>
T34	"Branch or agency net payment entitlement". Section 36a-428n.
T35	"Branch or agency net payment obligation". Section 36a-428n.
T36	"Broker". Section 36a-746a.
T37	"Business and industrial development corporation". Section 36a-626.
T38	"Business and property in this state". Section 36a-428n.
T39	"Capital". Section 36a-435b.
T40	"Cash advance". Section 36a-564, <u>as amended by this act.</u>
T41	"Cash price". Section 36a-770.
T42	"Certificate of incorporation". Section 36a-435b.
T43	"CHFA loan". Section 36a-760.
T44	"Clerical or support duties". Section 36a-485, <u>as amended by this act.</u>
T45	"Closely related activities". Sections 36a-250 and 36a-455a.
T46	"Collective managing agency account". Section 36a-365.
T47	"Commercial vehicle". Section 36a-770.
T48	"Community bank". Section 36a-70, <u>as amended by this act.</u>
T49	"Community credit union". Section 36a-37.
T50	"Community development bank". Section 36a-70, <u>as amended by this act.</u>
T51	"Community reinvestment performance". Section 36a-37.
T52	"Connecticut holding company". Sections 36a-53 and 36a-410.
T53	"Consolidate". Section 36a-145.
T54	"Construction loan". Section 36a-458a.
T55	"Consumer". Sections 36a-155 and 36a-695.
T56	"Consumer Credit Protection Act". Section 36a-676.
T57	"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800,
T58	<u>as amended by this act.</u>
T59	"Consumer collection agency". Section 36a-800, <u>as amended by this act.</u>
T60	"Consummation". Section 36a-746a.

T61	"Control person". Sections 36a-485, <u>as amended by this act</u> , 36a-535,
T62	<u>as amended by this act</u> , 36a-580, <u>as amended by this act</u> , 36a-596, <u>as</u>
T63	<u>amended by this act</u> , 36a-655, <u>as amended by this act</u> , 36a-671, <u>as</u>
T64	<u>amended by this act</u> , and 36a-846, <u>as amended by this act</u> .
T65	"Controlling interest". Section 36a-276.
T66	"Conventional mortgage rate". Section 36a-760.
T67	"Corporate". Section 36a-435b.
T68	"Credit". Section 36a-645.
T69	"Credit manager". Section 36a-435b.
T70	"Creditor". Sections 36a-676, 36a-695 and 36a-800, <u>as amended by this act</u> .
T71	"Credit clinic". Section 36a-700.
T72	"Credit rating agency". Section 36a-695.
T73	"Credit report". Section 36a-695.
T74	"Credit union service organization". Section 36a-435b.
T75	"Credit union service organization services". Section 36a-435b.
T76	"De novo branch". Section 36a-410.
T77	"Debt". Section 36a-645.
T78	"Debt adjustment". Section 36a-655, <u>as amended by this act</u> .
T79	<u>"Debt buying". Section 36a-800, as amended by this act.</u>
T80	"Debt mutual fund". Sections 36a-275 and 36a-459a.
T81	"Debt negotiation". Section 36a-671, <u>as amended by this act</u> .
T82	"Debt securities". Sections 36a-275 and 36a-459a.
T83	"Debtor". [Section] Sections 36a-655, <u>as amended by this act</u> , and
T84	<u>36a-671, as amended by this act.</u>
T85	"Deliver". Section 36a-316.
T86	"Deposit". Section 36a-316.
T87	"Deposit account". Section 36a-316.
T88	"Deposit account charge". Section 36a-316.
T89	"Deposit account disclosures". Section 36a-316.
T90	"Deposit contract". Section 36a-316.
T91	"Deposit services". Section 36a-425.
T92	"Depositor". Section 36a-316.
T93	"Depository institution". Section 36a-485, <u>as amended by this act</u> .
T94	"Derivative transaction". Section 36a-262.
T95	"Director". Section 36a-435b.

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T96	"Dwelling". Section 36a-485, <u>as amended by this act.</u>
T97	"Earning period". Section 36a-316.
T98	"Electronic payment instrument". Section 36a-596, <u>as amended by this act.</u>
T99	"Eligible collateral". Section 36a-330.
T100	"Eligible entity". Section 36a-34.
T101	"Employee". Section 36a-485, <u>as amended by this act.</u>
T102	"Entity". Section 36a-380.
T103	"Equity mutual fund". Sections 36a-276 and 36a-459a.
T104	"Equity security". Sections 36a-276 and 36a-459a.
T105	"Executive officer". Sections 36a-263 and 36a-469c.
T106	"Expedited Connecticut bank". Section 36a-70, <u>as amended by this act.</u>
T107	"Experience in the mortgage business". Section 36a-488, <u>as amended</u>
T108	<u>by this act.</u>
T109	"Federal banking agency". Section 36a-485, <u>as amended by this act.</u>
T110	"Federal Credit Union Act". Section 36a-435b.
T111	"Federal Home Mortgage Disclosure Act". Section 36a-736.
T112	"FHA loan". Section 36a-760.
T113	"Fiduciary". Section 36a-365.
T114	"Filing fee". Section 36a-770.
T115	"Finance charge". Sections 36a-690 and 36a-770.
T116	"Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
T117	36a-330, 36a-435b, 36a-736 and 36a-755.
T118	"Financial records". Section 36a-41.
T119	"First mortgage loan". Sections 36a-485, <u>as amended by this act,</u>
T120	36a-705 and 36a-725.
T121	"Foreclosure rescue services". Section 36a-671, <u>as amended by this act.</u>
T122	"Foreign banking corporation". Section 36a-425.
T123	"Fully indexed rate". Section 36a-760b.
T124	"General facility". Section 36a-580, <u>as amended by this act.</u>
T125	"Global net payment entitlement". Section 36a-428n.
T126	"Global net payment obligation". Section 36a-428n.
T127	"Goods". Sections 36a-535, <u>as amended by this act,</u> and 36a-770.
T128	"Graduated payment mortgage loan". Section 36a-265.
T129	"Guardian". Section 36a-365.
T130	"High cost home loan". Section 36a-746a.

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T131	"Holder". Section 36a-596, <u>as amended by this act.</u>
T132	"Home improvement loan". Section 36a-736.
T133	"Home purchase loan". Section 36a-736.
T134	"Home state". Section 36a-410.
T135	"Housing finance agency". Section 36a-487, <u>as amended by this act.</u>
T136	"Immediate family member". Sections 36a-435b and 36a-485,
T137	<u>as amended by this act.</u>
T138	"Independent contractor". Section 36a-485, <u>as amended by this act.</u>
T139	"Individual". Section 36a-485, <u>as amended by this act.</u>
T140	"Insider". Section 36a-454b.
T141	"Installment loan contract". Sections 36a-535, <u>as amended by this act,</u>
T142	and 36a-770.
T143	"Insurance". Section 36a-455a.
T144	"Insurance bank". Section 36a-285.
T145	"Insurance department". Section 36a-285.
T146	"Interest". Section 36a-316.
T147	"Interest rate". Section 36a-316.
T148	"Interim interest". Section 36a-746a.
T149	"Investments". Section 36a-602, <u>as amended by this act.</u>
T150	"Lender". Sections 36a-746a, 36a-760 and 36a-770.
T151	"Lessor". Section 36a-676.
T152	"License". Section 36a-626.
T153	"Licensee". Sections 36a-596, <u>as amended by this act,</u> 36a-607,
T154	<u>as amended by this act,</u> and 36a-626.
T155	"Limited branch". Section 36a-145.
T156	"Limited facility". Section 36a-580, <u>as amended by this act.</u>
T157	"Loan broker". Section 36a-615.
T158	"Loan processor or underwriter". Section 36a-485, <u>as amended by this act.</u>
T159	"Loss". Section 36a-330.
T160	"Made in this state". Section 36a-770.
T161	"Main office". Section 36a-485, <u>as amended by this act.</u>
T162	"Managing agent". Section 36a-365.
T163	"Manufactured home". Section 36a-457b.
T164	"Member". Section 36a-435b.
T165	"Member business loan". Section 36a-458a.

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T166	"Member in good standing". Section 36a-435b.
T167	"Membership share". Section 36a-435b.
T168	"Mobile branch". Sections 36a-145 and 36a-435b.
T169	"Monetary value". Section 36a-596, <u>as amended by this act.</u>
T170	"Money transmission". Section 36a-596, <u>as amended by this act.</u>
T171	"Mortgage". Section 36a-760g.
T172	"Mortgage broker". Sections 36a-485, <u>as amended by this act,</u>
T173	36a-705 and 36a-760.
T174	"Mortgage correspondent lender". Section 36a-485, <u>as amended by this act.</u>
T175	"Mortgage insurance". Section 36a-725.
T176	"Mortgage lender". Sections 36a-485, <u>as amended by this act,</u>
T177	36a-705 and 36a-725.
T178	"Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
T179	"Mortgage loan originator". Section 36a-485, <u>as amended by this act.</u>
T180	"Mortgage rate lock-in". Section 36a-705.
T181	"Mortgage servicer". Section 36a-715, <u>as amended by this act.</u>
T182	"Mortgagee". Sections 36a-671, <u>as amended by this act,</u>
T183	and 36a-715, <u>as amended by this act.</u>
T184	"Mortgagor". Sections 36a-671, <u>as amended by this act,</u> and
T185	36a-715, <u>as amended by this act.</u>
T186	"Motor vehicle". Section 36a-770.
T187	"Multiple common bond membership". Section 36a-435b.
T188	"Municipality". Section 36a-800, <u>as amended by this act.</u>
T189	"Net outstanding member business loan balance". Section 36a-458a.
T190	"Net worth". Sections 36a-441a and 36a-458a.
T191	"Network". Section 36a-155.
T192	"Nonprime home loan". Section 36a-760.
T193	"Nonrefundable". Section 36a-498, <u>as amended by this act.</u>
T194	"Nontraditional mortgage product". Section 36a-489a, <u>as</u>
T195	<u>amended by this act.</u>
T196	"Note account". Sections 36a-301 and 36a-456b.
T197	"Office". Sections 36a-23, 36a-316 and 36a-485, <u>as amended by this act.</u>
T198	"Officer". Section 36a-435b.
T199	"Open-end line of credit". Section 36a-760.
T200	"Open-end loan". Section 36a-565, <u>as amended by this act.</u>

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T201	"Organization". Section 36a-800, <u>as amended by this act.</u>
T202	"Out-of-state holding company". Section 36a-410.
T203	"Outstanding". Section 36a-596, <u>as amended by this act.</u>
T204	"Passbook savings account". Section 36a-316.
T205	"Payment instrument". Section 36a-596, <u>as amended by this act.</u>
T206	"Periodic statement". Section 36a-316.
T207	"Permissible investment". Section 36a-596, <u>as amended by this act.</u>
T208	"Person". Sections 36a-184 and 36a-485, <u>as amended by this act.</u>
T209	"Post". Section 36a-316.
T210	"Prepaid finance charge". Section 36a-746a.
T211	"Prime quality". Section 36a-596, <u>as amended by this act.</u>
T212	"Principal amount of the loan". Section 36a-485, <u>as amended by this act.</u>
T213	"Processor". Section 36a-155.
T214	"Public deposit". Section 36a-330.
T215	"Purchaser". Section 36a-596, <u>as amended by this act.</u>
T216	"Qualified financial contract". Section 36a-428n.
T217	"Qualified public depository" and "depository". Section 36a-330.
T218	"Real estate". Section 36a-457b.
T219	"Real estate brokerage activity". Section 36a-485, <u>as amended by this act.</u>
T220	"Records". Section 36a-17, <u>as amended by this act.</u>
T221	"Registered mortgage loan originator". Section 36a-485, <u>as amended</u>
T222	<u>by this act.</u>
T223	"Related person". Section 36a-53.
T224	"Relocate". Sections 36a-145 and 36a-462a.
T225	"Residential mortgage loan". Section 36a-485, <u>as amended by this act.</u>
T226	"Residential property". Section 36a-671, <u>as amended by this act.</u>
T227	"Residential real estate". Section 36a-485, <u>as amended by this act.</u>
T228	"Resulting entity". Section 36a-34.
T229	"Retail buyer". Sections 36a-535, <u>as amended by this act,</u> and 36a-770.
T230	"Retail credit transaction". Section 42-100b.
T231	"Retail installment contract". Sections 36a-535, <u>as amended by this act,</u>
T232	and 36a-770.
T233	"Retail installment sale". Sections 36a-535, <u>as amended by this act,</u>
T234	and 36a-770.
T235	"Retail seller". Sections 36a-535, <u>as amended by this act,</u> and 36a-770.



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T236	"Reverse annuity mortgage loan". Section 36a-265.
T237	"Sales finance company". Sections 36a-535, <u>as amended by this act,</u>
T238	and 36a-770.
T239	"Savings department". Section 36a-285.
T240	"Savings deposit". Section 36a-316.
T241	"Secondary mortgage loan". Section 36a-485, <u>as amended by this act.</u>
T242	"Security convertible into a voting security". Section 36a-184.
T243	"Senior management". Section 36a-435b.
T244	"Servicing". Section 36a-846, <u>as amended by this act.</u>
T245	"Settlement agent". Section 36a-494, <u>as amended by this act.</u>
T246	"Share". Section 36a-435b.
T247	"Short sale". Section 36a-671, <u>as amended by this act.</u>
T248	"Simulated check". Section 36a-485, <u>as amended by this act.</u>
T249	"Single common bond membership". Section 36a-435b.
T250	"Special mortgage". Section 36a-760c.
T251	"Social purpose investment". Section 36a-277.
T252	"Sponsored". Section 36a-485, <u>as amended by this act.</u>
T253	"Standard mortgage loan". Section 36a-265.
T254	"Stored value". Section 36a-596, <u>as amended by this act.</u>
T255	"Student education loan". Section 36a-846, <u>as amended by this act.</u>
T256	"Student loan borrower". Section 36a-846, <u>as amended by this act.</u>
T257	"Student loan servicer". Section 36a-846, <u>as amended by this act.</u>
T258	"Table funding agreement". Section 36a-485, <u>as amended by this act.</u>
T259	"Tax and loan account". Sections 36a-301 and 36a-456b.
T260	"The Savings Bank Life Insurance Company". Section 36a-285.
T261	"Time account". Section 36a-316.
T262	"Travelers check". Section 36a-596, <u>as amended by this act.</u>
T263	"Troubled Connecticut credit union". Section 36a-448a.
T264	"Unique identifier". Section 36a-485, <u>as amended by this act.</u>
T265	"Unsecured loan". Section 36a-615.
T266	"Value". Section 36a-603.
T267	"Virtual banking". Section 36a-170.
T268	"Warehouse agreement". Section 36a-485, <u>as amended by this act.</u>

22        Sec. 3. Section 36a-17 of the general statutes is repealed and the

23 following is substituted in lieu thereof (*Effective October 1, 2018*):

24 (a) The commissioner, in the commissioner's discretion and as often  
25 as the commissioner deems necessary to carry out the purposes of  
26 applicable law and the duties of the commissioner, may, subject to the  
27 provisions of section 36a-21 and the Freedom of Information Act, as  
28 defined in section 1-200: [.] (1) [make] Make, within or outside this  
29 state, such public or private investigations or examinations [within or  
30 outside this state,] concerning any person subject to the jurisdiction of  
31 the commissioner; [, as the commissioner deems necessary to carry out  
32 the duties of the commissioner,] (2) require or permit any person to  
33 testify, produce a record or file a statement in writing, under oath, or  
34 otherwise as the commissioner determines, as to all the facts and  
35 circumstances concerning the matter to be investigated or about which  
36 an action or proceeding is pending; [.] and (3) publish information  
37 concerning any violation of any provision of the general statutes  
38 within the jurisdiction of the commissioner or any regulation or order  
39 adopted or issued under such provision.

40 (b) Any Connecticut bank, Connecticut credit union or Connecticut  
41 credit union service organization which causes or has caused any  
42 electronic data processing services to be performed for such bank,  
43 credit union or credit union service organization either on or off its  
44 premises by an electronic data processing servicer shall enter into a  
45 written contract with such servicer. Such contract shall specify the  
46 duties and responsibilities of the bank, credit union or credit union  
47 service organization and such servicer and provide that such servicer  
48 shall allow the commissioner to examine such servicer's [books,]  
49 records [and computer systems] in accordance with this subsection, if  
50 required by the commissioner. The Connecticut bank, Connecticut  
51 credit union or Connecticut credit union service organization shall  
52 promptly notify the commissioner of any material change in its  
53 electronic data processing services. In the case of a material change  
54 which triggers a notice requirement under 12 USC 1867, a Connecticut  
55 bank may satisfy the notice requirements of this subsection by  
56 providing the commissioner with a copy of the notice provided to the

57 Federal Deposit Insurance Corporation under 12 USC 1867. The  
58 commissioner may examine the [books,] records [and computer  
59 systems] of any electronic data processing servicer that performs  
60 electronic data processing services for a Connecticut bank, Connecticut  
61 credit union or Connecticut credit union service organization, if such  
62 services substantially impact the operations of the Connecticut bank,  
63 Connecticut credit union or Connecticut credit union service  
64 organization as determined by the commissioner, in order to (1)  
65 determine whether such servicer has the capacity to protect the  
66 customer information of such bank, credit union or credit union  
67 service organization, and (2) assess such servicer's potential for  
68 continued service. The commissioner may assess a fee of one hundred  
69 fifty dollars per day plus costs for each examiner who conducts such  
70 examination, the total cost of which the commissioner may allocate on  
71 a pro rata basis to all Connecticut banks, Connecticut credit unions and  
72 Connecticut credit union service organizations under contract with  
73 such servicer.

74 (c) For the purpose of any investigation, examination or proceeding  
75 under this title the commissioner may administer oaths and  
76 affirmations, [subpoena witnesses, compel attendance of witnesses,  
77 take evidence, require written statements and require the production  
78 of any records which the commissioner deems relevant or material]  
79 take evidence, direct, order, subpoena or compel the attendance of and  
80 examine under oath all persons whose testimony may be required  
81 about the business or subject matter of any such investigation,  
82 examination or proceeding, and direct, order or subpoena such person  
83 to produce records the commissioner deems relevant or material. The  
84 commissioner may require that certified copies of any such records be  
85 provided to the commissioner at the commissioner's office. The  
86 commissioner may issue subpoenas in this state at the request of  
87 another state, provided (1) the activities concerning which the  
88 information is sought would constitute a basis for an investigation,  
89 examination or proceeding under this title had such activities occurred  
90 in this state, and (2) such other state has reciprocal legal authority to

91 issue subpoenas in such state on behalf of the commissioner.

92 (d) In addition to any authority provided under this section, the  
93 commissioner shall have the authority to conduct investigations and  
94 examinations as follows:

95 (1) For the purposes of issuing, renewing, suspending, conditioning,  
96 revoking or terminating any license issued on the system, or for any  
97 general or specific inquiry or investigation of persons engaged in a  
98 business or activity subject to licensure by the commissioner on the  
99 system to determine compliance with applicable law, the  
100 commissioner may access, receive and use any records, information or  
101 evidence, including, but not limited to: (A) Criminal, civil and  
102 administrative history information; (B) personal history and  
103 experience information, including, but not limited to, independent  
104 credit reports obtained from a consumer reporting agency described in  
105 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a; and (C)  
106 any other records, information or evidence the commissioner deems  
107 relevant to the inquiry or investigation, regardless of the location,  
108 possession, control or custody of such records, information or  
109 evidence.

110 (2) In conducting any examination or investigation authorized by  
111 this subsection, the commissioner may control access to any records of  
112 the person under examination or investigation. The commissioner may  
113 take possession of the records or place a person in exclusive charge of  
114 the records in the place where such records are usually kept. During  
115 the period of control, no person shall remove or attempt to remove any  
116 of the records except pursuant to a court order or with the consent of  
117 the commissioner. Unless the commissioner has reasonable grounds to  
118 believe the records of the person under examination or investigation  
119 have been, or are at risk of being, altered or destroyed for purposes of  
120 concealing a violation of applicable law, the owner of the records shall  
121 have access to the records as necessary to conduct its ordinary business  
122 affairs.

123     (3) In order to carry out the purposes of this subsection, the  
124     commissioner may:

125     (A) Retain attorneys, accountants or other professionals and  
126     specialists as examiners, auditors or investigators to conduct or assist  
127     in the conduct of examinations or investigations;

128     (B) Enter into agreements or relationships with other government  
129     officials or regulatory associations to improve efficiencies and reduce  
130     regulatory burden by sharing resources, standardized or uniform  
131     methods or procedures, records, information or evidence obtained  
132     under this subsection;

133     (C) Use, hire, contract or employ public or privately available  
134     analytical systems, methods or software to examine or investigate the  
135     person;

136     (D) In lieu of an examination or investigation conducted by the  
137     commissioner, accept and rely upon examination or investigation  
138     reports made by another state or federal supervisory agency, any  
139     organization affiliated with or representing such supervisory agency,  
140     or any other government official, within or outside this state. Any such  
141     examination or investigation report that is accepted and relied upon by  
142     the commission shall be considered an official examination or  
143     investigation report of the commissioner; and

144     (E) Accept audit reports made by an independent certified public  
145     accountant. Such reports may be considered an official examination or  
146     investigation report of the commissioner, or incorporated in the  
147     commissioner's official report of examination or investigation, or any  
148     other writing of the commissioner.

149     [(d)] (e) Any person who is the subject of any [such] inquiry,  
150     investigation, examination or proceeding pursuant to this section shall  
151     (1) make its records available to the commissioner in readable form; (2)  
152     provide personnel and equipment necessary, including, but not  
153     limited to, assistance in the analysis of computer-generated records; (3)

154 provide copies or computer printouts of records when so requested; (4)  
155 make or compile reports or prepare other information as directed by  
156 the commissioner in order to carry out the purposes of this section,  
157 including accounting compilations, information lists and dates of  
158 transactions in a format prescribed by the commissioner or such other  
159 information as the commissioner deems necessary to carry out the  
160 purposes of this section; (5) furnish unrestricted access to all areas of  
161 its principal place of business or wherever records may be located; and  
162 (6) otherwise cooperate with the commissioner.

163 [(e)] (f) The superior court for the judicial district of Hartford, upon  
164 application of the commissioner, may issue to any person refusing to  
165 obey a subpoena issued pursuant to subsection (c) of this section an  
166 order requiring that person to appear before the commissioner or any  
167 officer designated by the commissioner to produce records so ordered  
168 or to give evidence concerning the matter under investigation or in  
169 question. Failure to obey the order of the court may be punished by the  
170 court as a contempt of court.

171 (g) No person subject to inquiry, investigation, examination or  
172 proceeding under this section may knowingly withhold, abstract,  
173 remove, mutilate, destroy or secrete any records or information.

174 (h) The authority of this section shall remain in effect, whether a  
175 person acts or claims to act under any licensing, registration or other  
176 authorizing requirement of the law of this state, or claims to act  
177 without such authority.

178 [(f)] (i) As used in this section, "records" includes, but is not limited  
179 to, books, accounts, papers, files, correspondence, memoranda,  
180 agreements, diaries, logs, notes, ledgers, journals, visual, audio,  
181 magnetic or electronic recordings, computer printouts, [and] software,  
182 computer systems and any other documents in any form.

183 Sec. 4. Subsection (c) of section 36a-51 of the general statutes is  
184 repealed and the following is substituted in lieu thereof (*Effective*  
185 *October 1, 2018*):

186 (c) (1) Any licensee may surrender any license issued by the  
187 commissioner under any provision of the general statutes by  
188 surrendering the license to the commissioner in person or by  
189 registered or certified mail, provided, in the case of a license issued  
190 through the system, as defined in section 36a-2, as amended by this act,  
191 such surrender shall be initiated by filing a request to surrender on the  
192 system. No surrender on the system shall be effective until the request  
193 to surrender is accepted by the commissioner. Surrender of a license  
194 shall not affect the licensee's civil or criminal liability, or affect the  
195 commissioner's ability to impose an administrative penalty on the  
196 licensee pursuant to section 36a-50 for acts committed prior to the  
197 surrender. If, prior to receiving the license, or, in the case of a license  
198 issued through the system prior to the filing of a request to surrender a  
199 license, the commissioner has instituted a proceeding to suspend,  
200 revoke or refuse to renew such license, such surrender or request to  
201 surrender will not become effective except at such time and under  
202 such conditions as the commissioner by order determines. If no  
203 proceeding is pending or has been instituted by the commissioner at  
204 the time of surrender, or, in the case of a license issued through the  
205 system, at the time a request to surrender is filed, the commissioner  
206 may still institute a proceeding to suspend, revoke or refuse to renew a  
207 license under subsection (a) of this section up to the date one year after  
208 the date of receipt of the license by the commissioner, or, in the case of  
209 a license issued through the system, up to the date one year after the  
210 date of the acceptance by the commissioner of a request to surrender a  
211 license.

212 (2) If any license issued on the system expires due to the licensee's  
213 failure to renew such license, the commissioner may institute a  
214 revocation or suspension proceeding, or issue an order revoking or  
215 suspending the license, under applicable authorities not later than one  
216 year after the date of such expiration.

217 (3) Withdrawal of an application for a license filed on the system  
218 shall become effective upon receipt by the commissioner of a notice of  
219 intent to withdraw such application. The commissioner may deny a

220 license up to the date one year after the effective date of withdrawal.

221       Sec. 5. (NEW) (*Effective October 1, 2018*) (a) The Banking  
222 Commissioner may order a licensee to remove any individual from  
223 office and from employment or retention as an independent contractor  
224 in a business subject to licensure by the commissioner whenever the  
225 commissioner finds as the result of an investigation: (1) Such  
226 individual has violated any provision of law applicable to the licensed  
227 business, or any regulation or order issued thereunder; or (2) any  
228 reason that would be sufficient grounds for the commissioner to deny  
229 a license for such business, by sending a notice to such individual by  
230 registered or certified mail, return receipt requested, or by any express  
231 delivery carrier that provides a dated delivery receipt, unless such  
232 individual is licensed by the commissioner, in which case the notice  
233 may be provided by personal delivery, as defined in section 4-166 of  
234 the general statutes, in accordance with section 36a-52a of the general  
235 statutes. The notice shall be deemed received by such individual on the  
236 earlier of the date of actual receipt or seven days after mailing or  
237 sending, and in the case of a notice sent by electronic mail, the notice  
238 shall be deemed received by the individual in accordance with section  
239 36a-52a of the general statutes.

240       (b) Any such notice issued under subsection (a) of this section shall  
241 include: (1) If a hearing has been scheduled, a statement of the time,  
242 place and nature of the hearing; (2) if a hearing has not been  
243 scheduled, a statement indicating that such individual may file a  
244 written request for a hearing on the matters asserted not later than  
245 fourteen days after receipt of the notice; (3) a statement of the legal  
246 authority and jurisdiction under which the hearing is to be held or may  
247 be held; (4) a reference to the particular sections of the general statutes,  
248 regulations or orders alleged to have been violated; and (5) a short and  
249 plain statement of the matters asserted. If the commissioner finds that  
250 the protection of consumers requires immediate action, the  
251 commissioner may suspend any such individual from office and  
252 require such person to take or refrain from taking such action as the  
253 commissioner deems necessary to effectuate the purposes of this



254 subsection, by incorporating a finding to that effect in such notice. The  
255 suspension or prohibition shall become effective upon receipt of such  
256 notice and, unless stayed by a court, shall remain in effect until the  
257 entry of a permanent order or the dismissal of the matters asserted.

258 (c) If a hearing is requested, in accordance with subdivision (2) of  
259 subsection (b) of this section, within the time specified in the notice,  
260 the commissioner shall hold a hearing upon the matters asserted in the  
261 notice. If such individual fails to appear at the hearing or if, after the  
262 hearing, the commissioner finds that any of the grounds set forth in  
263 subdivision (1) or (2) of subsection (a) of this section exist with respect  
264 to such individual, the commissioner may order a licensee to remove  
265 such individual from office and from any employment or retention as  
266 an independent contractor in any business in this state subject to the  
267 commissioner's jurisdiction. No such order shall be issued except in  
268 accordance with the provisions of chapter 54 of the general statutes.

269 Sec. 6. Section 36a-65 of the general statutes is repealed and the  
270 following is substituted in lieu thereof (*Effective October 1, 2018*):

271 (a) (1) [The] Except as provided in subsection (e) of this section, the  
272 commissioner shall annually, on or after July first for the fiscal year  
273 commencing on said July first, collect pro rata based on asset size from  
274 each Connecticut bank and each Connecticut credit union an amount  
275 sufficient in the commissioner's judgment to meet the expenses of the  
276 Department of Banking, including a reasonable reserve for  
277 contingencies, provided the commissioner shall not collect such  
278 amount from a newly organized Connecticut credit union until July  
279 first following the third full calendar year after issuance by the  
280 commissioner of such credit union's certificate of authority. Such  
281 assessments and expenses shall not exceed the budget estimates  
282 submitted in accordance with section 36a-13.

283 (2) In addition to any license, investigation or examination fee  
284 required under this title, the commissioner may levy assessments on  
285 persons licensed as money transmitters pursuant to sections 36a-595 to

286 36a-612, inclusive, as amended by this act, and persons licensed as  
287 student loan servicers pursuant to sections 36a-846 to 36a-854,  
288 inclusive, as amended by this act. The commissioner shall annually, on  
289 or after July first for the fiscal year commencing on said July first,  
290 collect such additional amounts sufficient in the commissioner's  
291 judgment to meet the expenses of the Department of Banking,  
292 including a reasonable reserve for contingencies. Such assessment shall  
293 be determined pro rata based on: (A) For licensed money transmitters,  
294 dollar volume of money transmissions in this state, and (B) for licensed  
295 student loan servicers, dollar volume of student education loans, as  
296 defined in section 36a-846, as amended by this act, of student loan  
297 borrowers serviced. Each such licensee shall pay the commissioner the  
298 amount allocated to it not later than the date specified by the  
299 commissioner for payment. Failure by a licensee to timely make such  
300 payment shall constitute a violation of this section and a basis upon  
301 which the commissioner may take action against such licensee  
302 pursuant to section 36a-51, as amended by this act.

303 (3) Such assessments may be made more frequently than annually at  
304 the discretion of the commissioner. Such assessments for any fiscal  
305 year shall be reduced pro rata by the amount of any surplus from the  
306 assessments of prior fiscal years, which surplus shall be maintained in  
307 accordance with subdivision (4) of subsection (b) of this section. The  
308 commissioner may reduce any such assessment collected from a  
309 Connecticut bank up to the amount of any assessment for the same  
310 fiscal year collected from such bank by another state in which such  
311 bank has established a branch, limited branch or mobile branch. The  
312 commissioner may reduce any such assessment collected from a  
313 Connecticut credit union up to the amount of any assessment for the  
314 same fiscal year collected from such credit union by another state in  
315 which such credit union has established a branch. Such assessments  
316 for any fiscal year shall be a liability of such banks, credit unions and  
317 licensees as of the assessment date. Except as provided in this  
318 subsection, such assessments shall not be prorated for any reason.

319 (b) (1) Each such bank and credit union shall pay the commissioner

320 the amount allocated to it not later than the date specified by the  
321 commissioner for payment. Any such bank or credit union shall pay  
322 the commissioner an additional two hundred dollars if such payment  
323 is not paid by the time specified. The provisions of this subdivision  
324 shall not apply to any person required to pay the commissioner any fee  
325 for license or registration or the whole cost of all examinations made  
326 by the commissioner.

327 (2) Except as provided in section 36a-60, the State Treasurer shall  
328 place all funds received from the commissioner in a special fund to be  
329 known as the State Banking Fund. Amounts in the fund may be  
330 expended only pursuant to appropriation by the General Assembly.

331 (3) The Comptroller shall determine for each fiscal year the expenses  
332 of the Department of Banking.

333 (4) The Secretary of the Office of Policy and Management shall  
334 examine the State Banking Fund annually after the Comptroller has  
335 made his determination and shall direct the Treasurer to set aside  
336 within the Banking Fund amounts in excess of a reasonable reserve for  
337 contingencies, which excess amounts shall be considered a surplus for  
338 the purposes of subsection (a) of this section.

339 (c) (1) The fee for an examination of a trust department of a  
340 Connecticut bank shall be the actual cost of the examination, as such  
341 cost is determined by the commissioner.

342 (2) The fee for an examination of a trust bank shall be the actual cost  
343 of the examination, as such cost is determined by the commissioner.

344 (3) The fee for an examination of a Connecticut credit union service  
345 organization is the actual cost of the examination, as such cost is  
346 determined by the commissioner.

347 (4) The fee for an examination of an out-of-state branch of a  
348 Connecticut bank or a branch in this state of an out-of-state bank shall  
349 be the actual cost of the examination, as such cost is determined by the

350 commissioner, and the commissioner may share any such fee with  
351 other banking regulators in accordance with agreements entered into  
352 by the commissioner pursuant to subsection (j) of section 36a-145 and  
353 subdivision (5) of subsection (a) and subsection (b) of section 36a-412.

354 (5) The fee for an examination of an out-of-state branch of a  
355 Connecticut credit union or a branch in this state of an out-of-state  
356 credit union shall be the actual cost of the examination, as such cost is  
357 determined by the commissioner, and the commissioner may share  
358 any such fee with other state or federal credit union regulators in  
359 accordance with agreements entered into by the commissioner  
360 pursuant to subsection (f) of section 36a-462a and subsection (b) of  
361 section 36a-462b.

362 (6) A licensee under section 36a-489, as amended by this act, 36a-  
363 541, as amended by this act, 36a-556, 36a-581, as amended by this act,  
364 36a-600, as amended by this act, 36a-628, 36a-656, as amended by this  
365 act, 36a-671, as amended by this act, 36a-719, as amended by this act,  
366 [or] 36a-801, as amended by this act, or 36a-847, as amended by this  
367 act, shall pay to the commissioner the actual cost of any examination of  
368 the licensee, as such cost is determined by the commissioner. If the  
369 licensee fails to pay such cost not later than sixty days after receipt of  
370 demand from the commissioner, the commissioner may suspend the  
371 license until such costs are paid.

372 (d) (1) The fee for investigating and processing each application is as  
373 follows:

374 (A) Establishment of (i) a branch under subdivision (1) of subsection  
375 (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under  
376 subdivision (1) of subsection (d) of section 36a-145, one thousand five  
377 hundred dollars; (iii) a limited branch under subdivision (1) of  
378 subsection (c) of section 36a-145, one thousand five hundred dollars;  
379 (iv) a special need limited branch under subdivision (4) of subsection  
380 (c) of section 36a-145, five hundred dollars; (v) an out-of-state branch  
381 under subsection (j) of section 36a-145, a reasonable fee not to exceed

382 two thousand dollars from which any fees paid to a state other than  
383 this state or to a foreign country in connection with the establishment  
384 shall be deducted; and (vi) an out-of-state limited branch or mobile  
385 branch under subsection (j) of section 36a-145, a reasonable fee not to  
386 exceed one thousand five hundred dollars from which any fees paid to  
387 a state other than this state or to a foreign country in connection with  
388 the establishment shall be deducted.

389 (B) Sale of (i) a branch under subsection (i) of section 36a-145, two  
390 thousand dollars, except there shall be no fee for the sale of a branch of  
391 a Connecticut bank to another Connecticut bank or to a Connecticut  
392 credit union; and (ii) a limited branch, including a special need limited  
393 branch or mobile branch under subsection (i) of section 36a-145, a fee  
394 not to exceed one thousand five hundred dollars.

395 (C) Relocation of (i) a main office of a Connecticut bank under  
396 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch  
397 or a limited branch under subsections (g) and (k) of section 36a-145,  
398 five hundred dollars.

399 (D) Conversions from (i) a branch to a limited branch under  
400 subdivision (3) of subsection (c) of section 36a-145; and (ii) a limited  
401 branch to a branch under subdivision (3) of subsection (b) of section  
402 36a-145, five hundred dollars.

403 (E) Merger or consolidation involving a Connecticut bank under  
404 section 36a-125 or subsection (a) of section 36a-126, two thousand five  
405 hundred dollars if two institutions are involved and five thousand  
406 dollars if three or more institutions are involved.

407 (F) Acquisition of assets or business under section 36a-210, two  
408 thousand five hundred dollars.

409 (G) Organization of a holding company under section 36a-181, two  
410 thousand five hundred dollars.

411 (H) Organization of any Connecticut bank under section 36a-70, as

412 amended by this act, including the conditional preliminary approval  
413 for an expedited bank, fifteen thousand dollars, except no fee shall be  
414 required for the organization of an interim Connecticut bank.

415 (I) Reorganization of a mutual savings bank or mutual savings and  
416 loan association into a mutual holding company under section 36a-192,  
417 five thousand dollars.

418 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five  
419 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two  
420 thousand five hundred dollars; and (iii) section 36a-139b, fifteen  
421 thousand dollars.

422 (K) Acquiring, altering or improving real estate for present or future  
423 use in the business of the bank or purchasing real estate adjoining any  
424 parcel of real estate owned by the bank under subdivision (33) of  
425 subsection (a) of section 36a-250, five hundred dollars, except that no  
426 fee shall be charged for such application if it is filed in connection with  
427 an application to relocate a main office of a Connecticut bank under  
428 subsection (a) of section 36a-81 or establish (i) a branch in this state  
429 under subdivision (1) of subsection (b) of section 36a-145, (ii) a limited  
430 branch in this state under subdivision (1) of subsection (c) of section  
431 36a-145, or (iii) a branch or limited branch outside of this state under  
432 subsection (j) of section 36a-145.

433 (L) Investigation and processing an interstate banking transaction  
434 application filed under section 36a-411 or 36a-412, two thousand five  
435 hundred dollars, unless the transaction otherwise requires an  
436 investigation and processing fee under this section.

437 (M) Issuance of a final certificate of authority for an expedited  
438 Connecticut bank, fifteen thousand dollars.

439 (N) Establishment of a loan production office under subsection (o)  
440 of section 36a-145 or subsection (d) of section 36a-412, one thousand  
441 dollars.

442 (2) The fee for investigating and processing each acquisition  
443 statement filed under section 36a-184 is two thousand five hundred  
444 dollars, except if the acquisition statement is filed in connection with a  
445 transaction that requires one or more applications, a reasonable fee not  
446 to exceed two thousand five hundred dollars.

447 (3) Any fee for processing a notice of closing of a branch, limited  
448 branch or special need limited branch under subdivision (1) of  
449 subsection (f) of section 36a-145, if charged, shall not exceed two  
450 thousand dollars. There shall be no fee for processing a notice of  
451 closing of any mobile branch.

452 (4) The fee for a miscellaneous investigation shall be the actual cost  
453 of the investigation, as such cost is determined by the commissioner.

454 (e) (1) If the commissioner determines that the assessment to be  
455 collected from an uninsured bank or a trust bank pursuant to  
456 subdivision (1) of subsection (a) of this section is unreasonably low or  
457 high based on the size and risk profile of the bank, the commissioner  
458 may require such bank to pay a fee in lieu of such assessment. Each  
459 such bank shall pay such fee to the commissioner not later than the  
460 date specified by the commissioner for payment. If payment of such  
461 fee is not made by the time specified by the commissioner, such bank  
462 shall pay to the commissioner an additional two hundred dollars.

463 (2) Any uninsured bank required to pay a fee in lieu of assessment  
464 shall also pay to the commissioner the actual cost of the examination of  
465 such bank, as such cost is determined by the commissioner.

466 Sec. 7. Section 36a-485 of the 2018 supplement to the general statutes  
467 is repealed and the following is substituted in lieu thereof (*Effective*  
468 *October 1, 2018*):

469 As used in this section and sections 36a-486 to [36a-498f] 36a-498e,  
470 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as  
471 amended by this act, unless the context otherwise requires:

472 (1) "Advance fee" means any consideration paid or given, directly or  
473 indirectly, by a consumer to a person for a residential mortgage loan  
474 prior to the closing of such residential mortgage loan, including, but  
475 not limited to, loan fees, points, broker's fees or commissions,  
476 transaction fees or similar prepaid finance charges;

477 (2) "Advertise", "advertisement" or "advertising" means the use of  
478 any announcement, statement, assertion or representation that is  
479 placed before the public in a newspaper, magazine or other  
480 publication, or in the form of a notice, circular, pamphlet, letter or  
481 poster or over any radio or television station, by means of the Internet,  
482 or by other electronic means of distributing information, by personal  
483 contact, or in any other way;

484 (3) "Branch office" means a location other than the main office at  
485 which a licensee or any person on behalf of a licensee acts as a  
486 mortgage lender, mortgage correspondent lender, mortgage broker or  
487 mortgage loan originator;

488 (4) "Control person" means an individual that directly or indirectly  
489 exercises control over another person. Any person that (A) is a  
490 director, general partner or executive officer; (B) in the case of a  
491 corporation, directly or indirectly has the right to vote ten per cent or  
492 more of a class of any voting security or has the power to sell or direct  
493 the sale of ten per cent or more of any class of voting securities; (C) in  
494 the case of a limited liability company, is a managing member; or (D)  
495 in the case of a partnership, has the right to receive upon dissolution,  
496 or has contributed, ten per cent or more of the capital, is presumed to  
497 be a control person. For purposes of this subdivision, "control" means  
498 the power, directly or indirectly, to direct the management or policies  
499 of a company, whether through ownership of securities, by contract or  
500 otherwise;

501 (5) "Depository institution" has the same meaning as provided in  
502 Section 3 of the Federal Deposit Insurance Act, 12 USC 1813, and  
503 includes any Connecticut credit union, federal credit union or out-of-



504 state credit union;

505 (6) "Dwelling" means a "dwelling", as defined in Section 103 of the  
506 Consumer Credit Protection Act, 15 USC 1602, that is located in this  
507 state;

508 (7) "Employee" means an individual (A) whose manner and means  
509 of work performance are subject to the right of control of, or are  
510 controlled by, a person, and (B) whose compensation is reported or  
511 required to be reported on a W-2 form issued by the controlling  
512 person. For purposes of the definition of "registered mortgage loan  
513 originator", "employee" has the foregoing meaning or such other  
514 meaning as the federal banking agencies may issue in connection with  
515 such agencies' implementation of such agencies' responsibilities under  
516 the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

517 (8) "Federal banking agency" means the Board of Governors of the  
518 Federal Reserve System, the Comptroller of the Currency, the Director  
519 of the Office of Thrift Supervision, the National Credit Union  
520 Administration and the Federal Deposit Insurance Corporation;

521 (9) "First mortgage loan" means a residential mortgage loan that is  
522 secured by a first mortgage;

523 (10) "Immediate family member" means a spouse, child, sibling,  
524 parent, grandparent or grandchild and includes stepparents,  
525 stepchildren, stepsiblings and adoptive relationships;

526 (11) "Independent contractor" means an individual retained on a  
527 basis where the individual is not an employee of any person in  
528 connection with the services such individual provides and whose  
529 compensation is reported or required to be reported on an Internal  
530 Revenue Service Form 1099 issued by the retaining person;

531 (12) "Individual" means a natural person;

532 (13) "Lead" means any information identifying a potential consumer  
533 of a residential mortgage loan;

534 (14) "Lead generator" means a person who, for or with the  
535 expectation of compensation or gain: (A) Sells, assigns or otherwise  
536 transfers one or more leads for a residential mortgage loan; (B)  
537 generates or augments one or more leads for another person; or (C)  
538 directs a consumer to another person for a residential mortgage loan  
539 by performing marketing services, including, but not limited to, online  
540 marketing, direct response advertising or telemarketing;

541 (15) "Loan processor or underwriter" means an individual who  
542 performs clerical or support duties. The term "clerical or support  
543 duties" includes, subsequent to the receipt of an application, (A) the  
544 receipt, collection, distribution and analysis of information common  
545 for the processing or underwriting of a residential mortgage loan, and  
546 (B) communication with a consumer to obtain the information  
547 necessary for the processing or underwriting of a loan to the extent  
548 that such communication does not include offering or negotiating loan  
549 rates or terms or counseling consumers about residential mortgage  
550 loan rates or terms;

551 (16) "Main office" means the main address designated on the  
552 system;

553 (17) "Mortgage broker" (A) means a person who (i) for  
554 compensation or gain or with the expectation of compensation or gain  
555 (I) takes a residential mortgage loan application, or (II) offers or  
556 negotiates terms of a residential mortgage loan, and (ii) is not the  
557 prospective source of the funds for the residential mortgage loan, and  
558 (B) does not include (i) an individual who is licensed as a mortgage  
559 loan originator acting as a mortgage loan originator on behalf of such  
560 mortgage loan originator's sponsoring mortgage lender, mortgage  
561 correspondent lender, mortgage broker or exempt registrant, or (ii) an  
562 individual exempt from mortgage loan originator licensure under  
563 subdivision (2) of subsection (b) of section 36a-486 when acting within  
564 the scope of such exemption;

565 (18) "Mortgage correspondent lender" means a person engaged in

566 the business of making residential mortgage loans in such person's  
567 own name where the loans are not held by such person for more than  
568 ninety days and are funded by another person through a warehouse  
569 agreement, table funding agreement or similar agreement;

570 (19) "Mortgage lender" means a person engaged in the business of  
571 making residential mortgage loans in such person's own name  
572 utilizing such person's own funds or by funding loans through a  
573 warehouse agreement, table funding agreement or similar agreement;

574 (20) "Mortgage loan originator" means an individual who for  
575 compensation or gain or with the expectation of compensation or gain,  
576 either for such individual or for the person employing or retaining  
577 such individual, (A) takes a residential mortgage loan application, or  
578 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage  
579 loan originator" does not include (i) an individual engaged solely as a  
580 loan processor or underwriter; (ii) a person who only performs real  
581 estate brokerage activities and is licensed in accordance with chapter  
582 392, unless the person is compensated by a mortgage lender, mortgage  
583 correspondent lender, mortgage broker or other mortgage loan  
584 originator or by any agent of such mortgage lender, mortgage  
585 correspondent lender, mortgage broker or other mortgage loan  
586 originator; (iii) a person solely involved in extensions of credit relating  
587 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC  
588 101; or (iv) any individual who solely renegotiates terms for existing  
589 mortgage loans on behalf of a mortgagee and who does not otherwise  
590 act as a mortgage loan originator, unless the United States Department  
591 of Housing and Urban Development, the Bureau of Consumer  
592 Financial Protection or a court of competent jurisdiction determines  
593 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101  
594 et seq., requires such individual to be licensed as a mortgage loan  
595 originator under state laws implementing said S.A.F.E. Mortgage  
596 Licensing Act;

597 (21) "Office" means a branch office or a main office;

598 (22) "Person" means a natural person, corporation, company, limited  
599 liability company, partnership or association;

600 (23) "Principal amount of the loan" means the gross amount the  
601 borrower is obligated to repay including any prepaid finance charge  
602 that is financed, and any other charge that is financed;

603 (24) "Real estate brokerage activity" means any activity that involves  
604 offering or providing real estate brokerage services to the public,  
605 including (A) acting as a real estate agent or real estate broker for a  
606 buyer, seller, lessor or lessee of real property; (B) bringing together  
607 parties interested in the sale, purchase, lease, rental or exchange of real  
608 property; (C) negotiating, on behalf of any party, any portion of a  
609 contract relating to the sale, purchase, lease, rental or exchange of real  
610 property, other than in connection with providing financing with  
611 respect to any such transaction; (D) engaging in any activity for which  
612 a person engaged in the activity is required to be registered or licensed  
613 as a real estate agent or real estate broker under any applicable law;  
614 and (E) offering to engage in any activity, or act in any capacity,  
615 described in this subdivision;

616 (25) "Registered mortgage loan originator" means any individual  
617 who (A) meets the definition of mortgage loan originator and is an  
618 employee of a depository institution, a subsidiary that is owned and  
619 controlled by a depository institution and regulated by a federal  
620 banking agency, or an institution regulated by the Farm Credit  
621 Administration; and (B) is registered with and maintains a unique  
622 identifier through the system;

623 (26) "Residential mortgage loan" means any loan primarily for  
624 personal, family or household use that is secured by a mortgage, deed  
625 of trust or other equivalent consensual security interest on a dwelling  
626 or residential real estate upon which is constructed or intended to be  
627 constructed a dwelling;

628 (27) "Residential real estate" means any real property located in this  
629 state, upon which is constructed or intended to be constructed a

630 dwelling;

631 (28) "Secondary mortgage loan" means a residential mortgage loan  
632 that is secured, in whole or in part, by a mortgage, provided such  
633 property is subject to one or more prior mortgages;

634 (29) "Simulated check" means a document that imitates or resembles  
635 a check but is not a negotiable instrument;

636 (30) "Sponsored" means employed or retained as an independent  
637 contractor;

638 (31) "Table funding agreement" means an agreement wherein a  
639 person agrees to fund mortgage loans to be made in another person's  
640 name and to purchase such loans after they are made;

641 (32) "Trigger lead" means a consumer report obtained pursuant to  
642 subparagraph (B) of subdivision (1) of subsection (c) of Section 604 of  
643 the Fair Credit Reporting Act, 15 USC 1681b, as amended from time to  
644 time, where the issuance of the report is triggered by an inquiry made  
645 with a consumer reporting agency in response to an application for  
646 credit;

647 (33) "Unique identifier" means a number or other identifier assigned  
648 by protocols established by the system; and

649 (34) "Warehouse agreement" means an agreement to provide credit  
650 to a person to enable the person to have funds to make residential  
651 mortgage loans and hold such loans pending sale to other persons.

652 Sec. 8. Subsection (a) of section 36a-486 of the 2018 supplement to  
653 the general statutes is repealed and the following is substituted in lieu  
654 thereof (*Effective October 1, 2018*):

655 (a) No person shall engage in the business of making residential  
656 mortgage loans or act as a mortgage broker in this state unless such  
657 person has first obtained [the required] a license for its main office and  
658 for each branch office where such business is conducted in accordance

659 with the provisions of sections 36a-485 to [36a-498f] 36a-498e,  
660 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
661 by this act. Any activity subject to licensure pursuant to sections 36a-  
662 485 to 36a-498e, inclusive, as amended by this act, 36a-534a or 36a-  
663 534b, as amended by this act, shall be conducted from an office located  
664 in a state, as defined in section 36a-2. Any such person who is an  
665 individual shall also obtain a mortgage loan originator license prior to  
666 conducting such business unless such individual does not engage  
667 directly in the activities of a mortgage loan originator. A person, other  
668 than a licensed mortgage loan originator acting on behalf of a  
669 mortgage lender or mortgage correspondent lender, shall be deemed  
670 to be engaged in the business of making residential mortgage loans if  
671 such person advertises, causes to be advertised, solicits or offers to  
672 make residential mortgage loans, either directly or indirectly. A  
673 person, other than a licensed mortgage loan originator acting on behalf  
674 of a mortgage broker, shall be deemed to be acting as a mortgage  
675 broker if such person advertises or causes to be advertised that such  
676 person will negotiate, solicit, place or find a residential mortgage loan,  
677 either directly or indirectly. A mortgage correspondent lender shall not  
678 be deemed to be acting as a mortgage lender if such mortgage  
679 correspondent lender makes a loan utilizing its own funds in a  
680 situation where another person does not honor such person's  
681 commitment to fund the loan. A licensed lead generator shall not be  
682 deemed to be acting as a mortgage lender, mortgage correspondent  
683 lender, mortgage broker or mortgage loan originator when engaged in  
684 the activities of a lead generator, as described in section 36a-485, as  
685 amended by this act, if such person does not: (1) Obtain compensation  
686 or gain contingent upon the consummation of a residential mortgage  
687 loan or the receipt of a residential mortgage loan application, or (2)  
688 utilize financial criteria particular to the consumer or the residential  
689 mortgage loan transaction to selectively place a lead or to steer a  
690 consumer to a specific person for a residential mortgage loan.

691 Sec. 9. Section 36a-487 of the general statutes is repealed and the  
692 following is substituted in lieu thereof (*Effective October 1, 2018*):

693 (a) The following are exempt from licensing as a mortgage lender,  
694 mortgage correspondent lender or mortgage broker under sections  
695 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-  
696 534a and 36a-534b, as amended by this act: (1) Any bank, out-of-state  
697 bank, Connecticut credit union, federal credit union or out-of-state  
698 credit union, provided such bank or credit union is federally insured;  
699 (2) any wholly-owned subsidiary of any such bank or credit union; (3)  
700 any operating subsidiary where each owner of such operating  
701 subsidiary is wholly owned by the same such bank or credit union; (4)  
702 any person licensed under sections 36a-671 to 36a-671d, inclusive, as  
703 amended by this act, or exempt from licensure under section 36a-671c,  
704 who is negotiating or offering to negotiate terms of a residential  
705 mortgage loan as authorized by said sections 36a-671 to 36a-671d,  
706 inclusive, as amended by this act; and (5) any person engaged solely in  
707 providing loan processing or underwriting services to persons (A)  
708 licensed as a mortgage lender, mortgage correspondent lender or  
709 mortgage broker, or (B) exempt from such licensure under subdivision  
710 (1) of this subsection. Each wholly-owned subsidiary of a Connecticut  
711 bank or Connecticut credit union that engages in the business of  
712 making residential mortgage loans or acts as a mortgage broker in this  
713 state shall provide written notification to the commissioner prior to  
714 engaging in such activity.

715 (b) The following are exempt from licensing as a mortgage lender or  
716 mortgage correspondent lender under sections 36a-485 to [36a-498f]  
717 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as  
718 amended by this act:

719 (1) Persons making five or fewer residential mortgage loans within  
720 any period of twelve consecutive months, provided nothing herein  
721 shall relieve such persons from complying with all applicable laws;

722 (2) Bona fide nonprofit organizations making residential mortgage  
723 loans that promote home ownership for the economically  
724 disadvantaged;

725 (3) Agencies of the federal government, or any state or municipal  
726 government, or any housing finance agency making residential  
727 mortgage loans under the specific authority of the laws of any state or  
728 the United States. For purposes of this subdivision, a "housing finance  
729 agency" means any authority: (A) Chartered by a state to help meet the  
730 affordable housing needs of the residents of the state; (B) supervised  
731 directly or indirectly by the state government; (C) subject to audit and  
732 review by the state in which it operates; and (D) whose activities make  
733 it eligible to be a member of the National Council of State Housing  
734 Agencies;

735 [(4) Persons licensed under sections 36a-555 to 36a-573, inclusive,  
736 when making residential mortgage loans authorized by said sections;]

737 [(5)] (4) Persons owning real property who take back from the buyer  
738 of such property a secondary mortgage loan in lieu of any portion of  
739 the purchase price of the property;

740 [(6)] (5) Any corporation or its affiliate that makes residential  
741 mortgage loans exclusively for the benefit of its employees or agents;

742 [(7)] (6) Any corporation, licensed in accordance with section 38a-41,  
743 or its affiliate or subsidiary, that makes residential mortgage loans to  
744 promote home ownership in urban areas;

745 [(8)] (7) Persons acting as fiduciaries with respect to any employee  
746 pension benefit plan qualified under the Internal Revenue Code of  
747 1986, or any subsequent corresponding internal revenue code of the  
748 United States, as from time to time amended, who make residential  
749 mortgage loans solely to plan participants from plan assets; and

750 [(9)] (8) Persons making secondary mortgage loans to immediate  
751 family members.

752 (c) A bona fide nonprofit organization shall be exempt from  
753 licensing as a mortgage broker under sections 36a-485 to [36a-498f]  
754 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as



755 amended by this act, to the extent that such bona fide nonprofit  
756 organization acts as a mortgage broker in connection with residential  
757 mortgage loans to be exclusively made by persons covered by the  
758 exemption set forth in either subdivision [(6)] (5) or [(7)] (6) of  
759 subsection (b) of this section.

760 (d) Any person claiming exemption from licensure under this  
761 section may register on the system as an exempt registrant for  
762 purposes of sponsoring a mortgage loan originator or a loan processor  
763 or underwriter pursuant to subdivision (1) of subsection (b) of section  
764 36a-486. Such registration shall not affect the exempt status of such  
765 person. Any approval of such registration, or any approval of any  
766 renewal of such registration, shall not constitute a determination by  
767 the commissioner that such entity is exempt, but rather shall evidence  
768 the commissioner's approval to use the system for purposes of  
769 sponsoring and bonding.

770 (e) (1) For purposes of this section, a "bona fide nonprofit  
771 organization" means an organization that has filed a written certified  
772 submission to the commissioner in a form prescribed by the  
773 commissioner and with such documentation as may be required by the  
774 commissioner and that demonstrates to the satisfaction of the  
775 commissioner that the organization: (A) Has the status of a tax-exempt  
776 organization under Section 501(c)(3) of the Internal Revenue Code of  
777 1986, or any subsequent corresponding internal revenue code of the  
778 United States, as from time to time amended; (B) promotes affordable  
779 housing or provides home ownership education or similar services; (C)  
780 conducts its activities in a manner that serves public or charitable  
781 purposes rather than commercial purposes; (D) receives funding and  
782 revenue and charges fees in a manner that does not incentivize it or its  
783 employees to act other than in the best interests of its clients; (E)  
784 compensates its employees in a manner that does not incentivize  
785 employees to act other than in the best interests of its clients; (F)  
786 provides or identifies for the borrower residential mortgage loans (i)  
787 with terms favorable to the borrower, which means such terms must  
788 be consistent with loan origination in a public or charitable context, not

789 a commercial context, and (ii) comparable to mortgage loans and  
790 housing assistance provided under government housing assistance  
791 programs; and (G) meets such other standards as the commissioner  
792 may by regulation require. Any organization that demonstrates to the  
793 satisfaction of the commissioner its status as a bona fide nonprofit  
794 organization shall timely report any change in any information  
795 previously submitted to the commissioner and, not later than  
796 December thirty-first of each year, submit to the commissioner a  
797 renewed certification and documentation to update all information last  
798 filed in support of such bona fide nonprofit organization status [and  
799 timely report any change in any information previously submitted.] or  
800 such status shall expire, except that any organization that obtained  
801 initial bona fide nonprofit status from the commissioner after  
802 November first of a given year shall submit a renewal certification and  
803 documentation by December thirty-first of the following year.

804 (2) The commissioner shall have the authority to periodically  
805 examine the books and activities of a certified bona fide nonprofit  
806 organization and to revoke the bona fide nonprofit organization status  
807 of an entity that does not continue to meet the criteria in subdivision  
808 (1) of this subsection.

809 Sec. 10. Section 36a-488 of the 2018 supplement to the general  
810 statutes is repealed and the following is substituted in lieu thereof  
811 (*Effective October 1, 2018*):

812 (a) (1) The commissioner shall not issue a mortgage lender license, a  
813 mortgage correspondent lender license or a mortgage broker license to  
814 any person unless such person meets the following tangible net worth  
815 and experience requirements, as applicable: (A) The minimum tangible  
816 net worth requirement for a mortgage lender shall be two hundred  
817 fifty thousand dollars and the minimum tangible net worth  
818 requirement for a mortgage correspondent lender and a mortgage  
819 broker shall be fifty thousand dollars, and (B) a mortgage lender,  
820 mortgage correspondent lender or mortgage broker shall have, (i) at  
821 the main office for which the license is sought, a qualified individual

822 who has supervisory authority over the lending or brokerage activities  
823 of the licensee and who is responsible for the actions of the licensee,  
824 and [.] (ii) at each branch office, a branch manager [(i)] who has  
825 supervisory authority over the lending or brokerage activities of the  
826 branch office, who is responsible for the actions of the branch office,  
827 [(ii)] who has at least three years' experience in the mortgage business  
828 within the five years immediately preceding the date of the application  
829 for the license, and [(iii)] who is licensed as a mortgage loan originator  
830 under section 36a-489, as amended by this act. As used in this  
831 subdivision, "experience in the mortgage business" means paid  
832 experience in the origination, processing or underwriting of residential  
833 mortgage loans, the marketing of such loans in the secondary market  
834 or in the supervision of such activities, or any other relevant  
835 experience as determined by the commissioner. As used in  
836 subparagraph (B) of this subdivision, "at the main office" may be  
837 established by demonstrating to the satisfaction of the commissioner  
838 that the qualified individual resides within one hundred miles of the  
839 main office or is otherwise capable of providing full-time, in-person  
840 supervision of the main office, and "at each branch office" may be  
841 established by demonstrating to the satisfaction of the commissioner  
842 that the branch manager resides within one hundred miles of the  
843 branch office or is otherwise capable of providing full-time, in-person  
844 supervision of the branch office. The commissioner may waive the  
845 requirements of subparagraph (B) of this subdivision pertaining to a  
846 qualified individual where it is demonstrated to the satisfaction of the  
847 commissioner that no activity subject to licensure under sections 36a-  
848 485 to 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-  
849 534b, as amended by this act, will be conducted at the main office and  
850 the licensee designates a qualified individual responsible for the  
851 actions of the licensee. The commissioner may waive the requirements  
852 of subparagraph (B) of this subdivision pertaining to a branch manager  
853 where a person licensed as a mortgage lender under section 36a-489, as  
854 amended by this act, will act only as a mortgage servicer at such  
855 branch office, and the individual designated as branch manager meets  
856 the requirements for branch manager as set forth in section 36a-719, as

857 amended by this act. No person granted a waiver of the requirements  
858 of subparagraph (B) of this subdivision shall conduct any activity at  
859 the main office or at any branch office that would have precluded  
860 issuance of such waiver without first designating a qualified  
861 individual or branch manager, as applicable, who meets all applicable  
862 requirements and is approved by the commissioner.

863 (2) Each licensee shall maintain the net worth required by this  
864 subsection.

865 (b) The commissioner may issue a mortgage lender license, a  
866 mortgage correspondent lender license, or a mortgage broker license.  
867 Each mortgage lender licensee may also act as a mortgage  
868 correspondent lender and a mortgage broker, and each mortgage  
869 correspondent lender licensee may also act as a mortgage broker. An  
870 application for a license as a mortgage lender, mortgage correspondent  
871 lender or mortgage broker office or renewal of such license shall be  
872 filed, in a form prescribed by the commissioner, with the system. Each  
873 such form shall contain content as set forth by instruction or procedure  
874 of the commissioner and may be changed or updated as necessary by  
875 the commissioner in order to carry out the purpose of sections 36a-21,  
876 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-  
877 498h, 36a-534a and 36a-534b, as amended by this act. The applicant  
878 shall, at a minimum, furnish to the system information concerning the  
879 identity of the applicant, any control person of the applicant, the  
880 qualified individual and any branch manager, including personal  
881 history and experience in a form prescribed by the system and  
882 information related to any administrative, civil or criminal findings by  
883 any governmental jurisdiction. [The] In the case of an initial  
884 application for a license, the following supplementary information  
885 shall be filed, [directly with the commissioner: (1) In the case of an  
886 initial application for a license for the main office, (A)] as applicable:  
887 (1) For a main office license, a financial statement as of a date not more  
888 than twelve months prior to the filing of the application which reflects  
889 tangible net worth; [, and if such financial statement is unaudited, the  
890 proprietor, general partner, or duly authorized officer, trustee or

891 member shall swear to its accuracy under oath before a notary public,  
892 and (B)] (2) a bond as required by section 36a-492, as amended by this  
893 act; [(2)] (3) evidence that the qualified individual or branch manager  
894 meets the experience required by subsection (a) of this section; and  
895 [(3)] (4) such other information pertaining to the applicant, the  
896 applicant's background, the background of its principals, employees,  
897 mortgage loan originators, and loan processors or underwriters, and  
898 the applicant's activities as the commissioner may require. For the  
899 purpose of this subsection, evidence of experience of the qualified  
900 individual or branch manager shall include: (A) A statement  
901 specifying the duties and responsibilities of such person's  
902 employment, the term of employment, including month and year, and  
903 the name, address and telephone number of a supervisor, employer or,  
904 if self-employed, a business reference; and (B) if required by the  
905 commissioner, copies of W-2 forms, 1099 tax forms or, if self-  
906 employed, 1120 corporate tax returns, signed letters from the employer  
907 on the employer's letterhead verifying such person's duties and  
908 responsibilities and term of employment including month and year,  
909 and if such person is unable to provide such letters, other proof  
910 satisfactory to the commissioner that such person meets the experience  
911 requirement. The commissioner may conduct a criminal history  
912 records check of the applicant, any control person of the applicant and  
913 the qualified individual or branch manager [with supervisory  
914 authority at the office for which the license is sought] and require the  
915 applicant to submit the fingerprints of such persons and authorization  
916 of such persons for the system and the commissioner to obtain an  
917 independent credit report from a consumer reporting agency, as  
918 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC  
919 1681a, as part of the application.

920 (c) The commissioner may issue a mortgage loan originator license  
921 or a loan processor or underwriter license. Each mortgage loan  
922 originator licensee may also act as a loan processor or underwriter.  
923 Each mortgage loan originator licensee shall be associated with a  
924 specified licensed office from which such licensee will operate and be

925 subject to supervision by a qualified individual or branch manager.  
926 The specified office shall be within a one-hundred-mile distance from  
927 where such licensee resides, unless such licensee can otherwise  
928 demonstrate to the commissioner's satisfaction that the licensee will be  
929 subject to supervision by a qualified individual or branch manager. An  
930 application to license an individual as a mortgage loan originator or a  
931 loan processor or underwriter [for a specified office] or for renewal of  
932 such license shall be filed, in a form prescribed by the commissioner,  
933 with the system. Each such form shall contain content as set forth by  
934 instruction or procedure of the commissioner and may be changed or  
935 updated as necessary by the commissioner in order to carry out the  
936 purpose of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as  
937 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by  
938 this act. The applicant shall, at a minimum, furnish to the system, in a  
939 form prescribed by the system, information concerning the applicant's  
940 identity, including personal history and experience and information  
941 related to any administrative, civil or criminal findings by any  
942 governmental jurisdiction. Each applicant for a mortgage loan  
943 originator license or a loan processor or underwriter license shall  
944 furnish to the system fingerprints for submission to the Federal Bureau  
945 of Investigation and any governmental agency or entity authorized to  
946 receive such information for a state, national and international criminal  
947 history background check. Each applicant shall furnish authorization  
948 for the system and the commissioner to obtain an independent credit  
949 report from a consumer reporting agency, as described in Section  
950 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

951 (d) The commissioner may issue a lead generator license. An  
952 application for a license as a lead generator or an application for a  
953 license renewal shall be filed, in a form prescribed by the  
954 commissioner, with the system, accompanied by the fees required  
955 under section 36a-491. Each such form shall contain content as set forth  
956 by instruction or procedure of the commissioner and may be changed  
957 or updated as necessary by the commissioner in order to carry out the  
958 purposes of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as

959 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by  
960 this act. The applicant shall, at a minimum, furnish to the system  
961 information concerning the identity of the applicant, any control  
962 person of the applicant and the qualified individual responsible for the  
963 actions of the licensee, including, but not limited to, a personal history  
964 and experience, in a form prescribed by the system, and information  
965 related to any administrative, civil or criminal findings by any  
966 governmental jurisdiction. [The applicant shall notify the  
967 commissioner on the system of any change to the information  
968 submitted in connection with the applicant's most recent application  
969 for licensure not later than fifteen days after the applicant has reason to  
970 know of such change.] The commissioner, in accordance with section  
971 29-17a, may conduct a state or national criminal history records check  
972 of the applicant, any control person of the applicant and the qualified  
973 individual, and, in accordance with section 36a-24b, may require the  
974 submission of fingerprints of such persons to the Federal Bureau of  
975 Investigation or other state, national or international criminal  
976 databases as part of the application.

977 Sec. 11. Section 36a-489 of the 2018 supplement to the general  
978 statutes is repealed and the following is substituted in lieu thereof  
979 (*Effective October 1, 2018*):

980 (a) (1) The commissioner shall not issue an initial license for a  
981 mortgage lender, mortgage correspondent lender or mortgage broker  
982 unless the commissioner, at a minimum, finds that: (A) The applicant  
983 meets the requirements of subsection (a) of section 36a-488, as  
984 amended by this act; (B) notwithstanding the provisions of section 46a-  
985 80, the applicant, the control persons of the applicant and the qualified  
986 individual or branch manager [with supervisory authority at the office  
987 for which the license is sought] have not been convicted of, or pled  
988 guilty or nolo contendere to, a felony in a domestic, foreign or military  
989 court during the seven-year period preceding the date of the  
990 application for licensing or at any time preceding the date of  
991 application if such felony involved an act of fraud, dishonesty, a  
992 breach of trust or money laundering, provided any pardon or

expungement of a conviction shall not be a conviction for purposes of this subdivision; (C) the applicant demonstrates that the financial responsibility, character and general fitness of the applicant, the control persons of the applicant and the qualified individual or branch manager [having supervisory authority over the office for which the license is sought] are such as to command the confidence of the community and to warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act; (D) the applicant has met the surety bond requirement under section 36a-492, as amended by this act; and (E) the applicant, [has] the control persons of the applicant and the qualified individual or branch manager have not made a material misstatement in the application. If the commissioner fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event that such jurisdiction does not use the term "felony", "pardon" or "expungement", such terms shall include legally equivalent events.

(2) (A) The minimum standards for license renewal for a mortgage lender, mortgage correspondent lender or mortgage broker shall include the following: (i) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; and (ii) the mortgage lender, mortgage correspondent lender or mortgage broker has paid all required fees for renewal of the license and has paid any outstanding examination fees or other moneys due to the commissioner.

(B) The license of a mortgage lender, mortgage correspondent lender or mortgage broker failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards



1027 established by the system. The commissioner may automatically  
1028 suspend a mortgage lender, mortgage correspondent lender or  
1029 mortgage broker license if the licensee receives a deficiency on the  
1030 system indicating that the payment required by subparagraph (A) of  
1031 this subdivision was Returned-ACH or returned pursuant to such  
1032 other term as may be utilized by the system to indicate that the  
1033 payment was not accepted. After a license has been automatically  
1034 suspended pursuant to this section, the commissioner shall (i) give  
1035 [such] the licensee notice of the automatic suspension, pending  
1036 proceedings for revocation or refusal to renew pursuant to section 36a-  
1037 494, as amended by this act, and an opportunity for a hearing on such  
1038 action in accordance with section 36a-51, as amended by this act, and  
1039 (ii) require such licensee to take or refrain from taking such action  
1040 [that, in the opinion of the commissioner, will] as the commissioner  
1041 deems necessary to effectuate the purposes of this section.

1042 (b) (1) The commissioner shall not issue an initial license for a  
1043 mortgage loan originator or a loan processor or underwriter unless the  
1044 commissioner, at a minimum, finds that the applicant has: (A) Never  
1045 had a mortgage loan originator or equivalent loan processor or  
1046 underwriter license revoked in any governmental jurisdiction, except  
1047 that a subsequent formal vacating of such revocation shall not be  
1048 deemed a revocation; (B) notwithstanding the provisions of section  
1049 46a-80, not been convicted of, or pled guilty or nolo contendere to, a  
1050 felony in a domestic, foreign or military court during the seven-year  
1051 period preceding the date of the application for licensing or at any  
1052 time preceding such date of application if such felony involved an act  
1053 of fraud, dishonesty, a breach of trust, or money laundering, provided  
1054 any pardon or expungement of a conviction shall not be a conviction  
1055 for purposes of this subdivision; (C) demonstrated financial  
1056 responsibility, character and general fitness so as to command the  
1057 confidence of the community and to warrant a determination that the  
1058 mortgage loan originator or loan processor or underwriter will operate  
1059 honestly, fairly and efficiently within the purposes of sections 36a-485  
1060 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-

1061 534a and 36a-534b, as amended by this act; (D) completed the  
1062 prelicensing education requirement described in section 36a-489a, as  
1063 amended by this act, and passed a written test that meets the test  
1064 requirement described in section 36a-489a, as amended by this act; (E)  
1065 met the surety bond requirement under section 36a-492, as amended  
1066 by this act, and, in the case of a mortgage loan originator required to be  
1067 licensed under section 36a-671e, met the surety bond requirements  
1068 under sections 36a-492, as amended by this act, and 36a-671d, as  
1069 amended by this act; and (F) not made a material misstatement in the  
1070 application. If the commissioner denies an application for a mortgage  
1071 loan originator or a loan processor or underwriter license, the  
1072 commissioner shall notify the applicant and may notify the sponsor or  
1073 any other person the commissioner deems appropriate of the denial  
1074 and the reasons for such denial. For purposes of this subsection, the  
1075 level of offense of the crime and the status of any conviction, pardon or  
1076 expungement shall be determined by reference to the law of the  
1077 jurisdiction where the case was prosecuted. In the event that such  
1078 jurisdiction does not use the term "felony", "pardon" or  
1079 "expungement", those terms shall include legally equivalent events.

1080 (2) (A) The minimum standards for license renewal for a mortgage  
1081 loan originator or a loan processor or underwriter shall include the  
1082 following: (i) The licensee continues to meet the minimum standards  
1083 for license issuance under subdivision (1) of this subsection; (ii) the  
1084 licensee has satisfied the annual continuing education requirements  
1085 described in subsection (c) of section 36a-489a, as amended by this act;  
1086 and (iii) the licensee has paid all required fees for renewal of the  
1087 license and any outstanding examination fees or other moneys due to  
1088 the commissioner.

1089 (B) The license of a mortgage loan originator or a loan processor or  
1090 underwriter that fails to satisfy the minimum standards for license  
1091 renewal shall expire. The commissioner may adopt procedures for the  
1092 reinstatement of expired licenses consistent with the standards  
1093 established by the system. The commissioner may automatically  
1094 suspend a mortgage loan originator or a loan processor or underwriter

1095 license if the licensee receives a deficiency on the system indicating  
1096 that the payment of renewal fees required by subparagraph (A) of  
1097 subdivision (2) of this subsection was Returned-ACH or returned  
1098 pursuant to such other term as may be utilized by the system to  
1099 indicate that the payment was not accepted. After a license has been  
1100 automatically suspended pursuant to this section, the commissioner  
1101 shall (i) give [such] the licensee notice of the automatic suspension,  
1102 pending proceedings for revocation or refusal to renew pursuant to  
1103 section 36a-494, as amended by this act, and an opportunity for a  
1104 hearing on such action in accordance with section 36a-51, as amended  
1105 by this act, and (ii) require such licensee to take or refrain from taking  
1106 such action [that, in the opinion of the commissioner, will] as the  
1107 commissioner deems necessary to effectuate the purposes of this  
1108 section.

1109 (c) For purposes of this section, a person has shown that such  
1110 person is not financially responsible when such person has shown a  
1111 disregard in the management of such person's own financial condition.  
1112 A determination that a person has not shown financial responsibility  
1113 may include, but is not limited to: (1) Current outstanding judgments,  
1114 except judgments solely as a result of medical expenses; (2) current  
1115 outstanding tax liens or other government liens and filings; (3)  
1116 foreclosures during the three years preceding the date of application  
1117 for an initial license or renewal of a license; or (4) a pattern of seriously  
1118 delinquent accounts within the past three years.

1119 (d) (1) The commissioner shall not issue a lead generator license to  
1120 an applicant for such license unless the commissioner, at a minimum,  
1121 finds that: (A) The applicant demonstrates that the character,  
1122 reputation, integrity and general fitness of the applicant, any control  
1123 person of the applicant and the qualified individual are such as to  
1124 command the confidence of the community and warrant a  
1125 determination that the applicant will operate honestly, fairly and  
1126 efficiently within the purposes of sections 36a-485 to [36a-498f] 36a-  
1127 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-  
1128 534b, as amended by this act; (B) the applicant has not made a material

misstatement in the application; and (C) the applicant has met any other requirements determined by the commissioner. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the denial and the reasons for such denial. Without limiting the foregoing requirements of this subdivision, and subject to the provisions of section 46a-80, the commissioner may deny an application based on the history of criminal convictions of the applicant, any control person of the applicant or the qualified individual.

(2) (A) The minimum standards for license renewal for a lead generator shall include the following: (i) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; and (ii) the lead generator has paid all required fees for renewal of a license and any outstanding examination fees or other moneys due to the commissioner.

(B) The license of a lead generator who fails to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. The commissioner may automatically suspend a lead generator license if the licensee receives a deficiency on the system indicating that the payment of renewal fees required by subparagraph (A) of subdivision (2) of this subsection was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall (i) give [such] the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act; and (ii) require such licensee to take or refrain from taking such action [that, in the opinion of the commissioner, will] as the commissioner deems necessary to effectuate the purposes of this section.

1162 [(e) (1) Withdrawal of an application for a license filed under this  
1163 section shall become effective upon receipt by the commissioner of a  
1164 notice of intent to withdraw such application. The commissioner may  
1165 deny a license up to the date one year after the effective date of  
1166 withdrawal.

1167 (2) If a license expires under this section due to the licensee's failure  
1168 to renew, the commissioner may institute a revocation or suspension  
1169 proceeding or issue an order suspending or revoking such license  
1170 pursuant to section 36a-494 not later than one year after the date of  
1171 such expiration.]

1172 [(f)] (e) The commissioner may deem an application for a license  
1173 under this section abandoned if the applicant fails to respond to any  
1174 request for information required under sections 36a-485 to [36a-498f]  
1175 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and  
1176 36a-534b, as amended by this act, or the regulations adopted pursuant  
1177 to said sections. The commissioner shall notify the applicant on the  
1178 system that if such information is not submitted not later than sixty  
1179 days from the date of such request the application shall be deemed  
1180 abandoned. An application filing fee paid prior to the date an  
1181 application is deemed abandoned pursuant to this subsection shall not  
1182 be refunded. Abandonment of an application pursuant to this  
1183 subsection shall not preclude the applicant from submitting a new  
1184 application for a license under sections 36a-485 to [36a-498f] 36a-498e,  
1185 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as  
1186 amended by this act.

1187 Sec. 12. Section 36a-490 of the 2018 supplement to the general  
1188 statutes is repealed and the following is substituted in lieu thereof  
1189 (*Effective October 1, 2018*):

1190 (a) (1) [A mortgage lender, mortgage correspondent lender,  
1191 mortgage broker and lead generator license shall not be transferable or  
1192 assignable. No licensee may use any name other than its legal name or  
1193 a fictitious name approved by the commissioner, provided such

1194 licensee may not use its legal name if the commissioner disapproves  
1195 use of such name.] Any licensee who intends to permanently cease  
1196 engaging in the business of making residential mortgage loans or  
1197 acting as a mortgage broker or lead generator at any time during a  
1198 license period for any cause, including, but not limited to, bankruptcy  
1199 or voluntary dissolution, shall file a request to surrender the license for  
1200 each office at which the licensee intends to cease to do business, on the  
1201 system, not later than fifteen days after the date of such cessation,  
1202 provided this requirement shall not apply when a license has been  
1203 suspended pursuant to section 36a-51, as amended by this act. No  
1204 surrender shall be effective until accepted by the commissioner.

1205 (2) A mortgage loan originator licensee who intends to permanently  
1206 cease engaging in the business of a mortgage loan originator at any  
1207 time during a license period for any cause, including, but not limited  
1208 to, bankruptcy, shall file a request to surrender the license on the  
1209 system not later than fifteen days after the date of such cessation,  
1210 provided this requirement shall not apply when a license has been  
1211 suspended pursuant to section 36a-51, as amended by this act. No  
1212 surrender shall be effective until accepted by the commissioner.

1213 (3) A loan processor or underwriter licensee who intends to  
1214 permanently cease engaging in the activities of a loan processor or  
1215 underwriter at any time during a license period for any cause,  
1216 including, but not limited to, bankruptcy, shall file a request to  
1217 surrender the license on the system not later than fifteen days after the  
1218 date of such cessation, provided this requirement shall not apply when  
1219 a license has been suspended pursuant to section 36a-51, as amended  
1220 by this act. No surrender shall be effective until accepted by the  
1221 commissioner.

1222 (b) (1) A mortgage lender, mortgage correspondent lender,  
1223 mortgage broker or lead generator license shall not be transferable or  
1224 assignable. Any change in any control person of the licensee, except a  
1225 change of director, general partner or executive officer that is not the  
1226 result of an acquisition or change in control of the licensee, shall be the

1227 subject of an advance change notice filed on the system not later than  
1228 thirty days prior to the effective date of such change and no such  
1229 change shall occur without the commissioner's approval.

1230 [(b)] (2) No licensee may use any name other than its legal name or a  
1231 fictitious name approved by the commissioner, provided such licensee  
1232 may not use its legal name if the commissioner disapproves use of  
1233 such name. No licensee shall use any name or address other than the  
1234 name and address specified on the license issued by the commissioner.

1235 A mortgage lender, mortgage correspondent lender, mortgage broker  
1236 or lead generator licensee may change the name of the licensee or  
1237 address of the office specified on the most recent filing with the system  
1238 if [(1)] (A) at least thirty calendar days prior to such change, the  
1239 licensee files such change with the system and, in the case of a main or  
1240 branch office, provides, directly to the commissioner, a bond rider or  
1241 endorsement, or addendum, as applicable, to the surety bond on file  
1242 with the commissioner that reflects the new name or address of the  
1243 main or branch office, and [(2)] (B) the commissioner does not  
1244 disapprove such change, in writing, or request further information  
1245 within such thirty-day period. [The licensee shall promptly file any  
1246 change in the information most recently submitted in connection with  
1247 the license with the system or, if the information cannot be filed on the  
1248 system, directly notify the commissioner, in writing, of such change in  
1249 the information.]

1250 (3) The commissioner may automatically suspend any license for a  
1251 violation of this subsection, or upon a failure of the licensee to  
1252 designate a qualified individual or branch manager who meets the  
1253 requirements set forth in section 36a-488, as amended by this act,  
1254 within thirty days of a vacancy in the position. After a license has been  
1255 automatically suspended pursuant to this subsection, the  
1256 commissioner shall (A) give the licensee notice of the automatic  
1257 suspension, pending proceedings for revocation of or refusal to renew  
1258 the license pursuant to section 36a-494, as amended by this act, and an  
1259 opportunity for a hearing in accordance with section 36a-51, as  
1260 amended by this act, and (B) require the licensee to take or refrain from

1261 taking action as the commissioner deems necessary to effectuate the  
1262 purpose of this section.

1263 (c) [The] Except as otherwise specified in subsection (b) of this  
1264 section, each mortgage lender, mortgage correspondent lender,  
1265 mortgage broker or lead generator applicant or licensee, and each  
1266 individual designated as a control person, qualified individual or  
1267 branch manager of such applicant or licensee, shall file on the system,  
1268 or, if the information cannot be filed on the system, notify the  
1269 commissioner, in writing, of any change in the information such  
1270 applicant, licensee, control person, qualified individual or branch  
1271 manager most recently submitted to the system in connection with the  
1272 application or license not later than fifteen days after the date such  
1273 applicant, licensee, control person, qualified individual or branch  
1274 manager had reason to know of the change. A mortgage lender,  
1275 mortgage correspondent lender, mortgage broker or lead generator  
1276 licensee shall [promptly] file with the system or, if the information  
1277 cannot be filed on the system, [directly] notify the commissioner, in  
1278 writing, of the occurrence of any of the following developments not  
1279 later than fifteen days after the date such licensee had reason to know  
1280 of such development:

1281 (1) Filing for bankruptcy [,] or the consummation of a corporate  
1282 restructuring [,] of the licensee;

1283 (2) Filing of a criminal indictment against the licensee in any way  
1284 related to the lending or brokerage activities of the licensee, or  
1285 receiving notification of the filing of any criminal felony indictment or  
1286 felony conviction of any [of the licensee's officers, directors, members,  
1287 partners or shareholders owning ten per cent or more of the  
1288 outstanding stock] control person, branch manager or qualified  
1289 individual of the licensee;

1290 (3) Receiving notification of the institution of license denial, cease  
1291 and desist, suspension or revocation procedures, or other formal or  
1292 informal action by any governmental agency against the licensee or



1293 any control person, branch manager or qualified individual of the  
1294 licensee and the reasons therefor;

1295 (4) Receiving notification of the initiation of any action against the  
1296 licensee or any control person, branch manager or qualified individual  
1297 of the licensee by the Attorney General or the attorney general of any  
1298 other state and the reasons therefor;

1299 (5) Receiving notification of a material adverse action with respect  
1300 to any existing line of credit or warehouse credit agreement;

1301 (6) Suspension or termination of the licensee's status as an approved  
1302 seller or servicer by the Federal National Mortgage Association,  
1303 Federal Home Loan Mortgage Corporation or Government National  
1304 Mortgage Association;

1305 (7) Exercise of recourse rights by investors or subsequent assignees  
1306 of residential mortgage loans if such loans for which the recourse  
1307 rights are being exercised, in the aggregate, exceed the licensee's net  
1308 worth exclusive of real property and fixed assets;

1309 (8) Receiving notification of filing for bankruptcy [of any of the  
1310 licensee's officers, directors, members, partners or shareholders  
1311 owning ten per cent or more of the outstanding stock] of the licensee or  
1312 of any control person, branch manager or qualified individual of the  
1313 licensee; or

1314 (9) A decrease in the net worth required by subsection (a) of section  
1315 36a-488, as amended by this act.

1316 (d) Each mortgage loan originator applicant or licensee and each  
1317 loan processor or underwriter applicant or licensee shall [promptly]  
1318 file with the system or, if the information cannot be filed on the  
1319 system, [directly] notify the commissioner, in writing, of any change in  
1320 the information most recently submitted in connection with the  
1321 application or license [and] not later than fifteen days after the date  
1322 such applicant or licensee had reason to know of the change. Each

1323 mortgage loan originator licensee and each loan processor or  
1324 underwriter licensee shall file with the system, or, if the information  
1325 cannot be filed on the system, notify the commissioner, in writing, of  
1326 the occurrence of any of the following developments not later than  
1327 fifteen days after the date that such licensee had reason to know of the  
1328 development:

1329 (1) Filing for bankruptcy of the licensee;

1330 (2) Filing of a criminal indictment against the licensee;

1331 (3) Receiving notification of the institution of license or registration  
1332 denial, cease and desist, suspension or revocation procedures, or other  
1333 formal or informal action by any governmental agency against the  
1334 licensee and the reasons therefor; or

1335 (4) Receiving notification of the initiation of any action against the  
1336 licensee by the Attorney General or the attorney general of any other  
1337 state and the reasons therefor.

1338 (e) Each mortgage lender, mortgage correspondent lender,  
1339 mortgage broker, lead generator, mortgage loan originator and loan  
1340 processor or underwriter license shall remain in force and effect until it  
1341 has been surrendered, revoked or suspended, or until it expires or is  
1342 no longer effective, in accordance with the provisions of this title.

1343 Sec. 13. Section 36a-492 of the 2018 supplement to the general  
1344 statutes is repealed and the following is substituted in lieu thereof  
1345 (*Effective October 1, 2018*):

1346 (a) (1) Each licensed mortgage lender, mortgage correspondent  
1347 lender and mortgage broker shall file with the commissioner a single  
1348 surety bond, written by a surety authorized to write such bonds in this  
1349 state, covering its main office and file an addendum to such bond to  
1350 cover any branch office, in a penal sum determined in accordance with  
1351 subsection (d) of this section, provided the penal sum of the bond for  
1352 licensed mortgage lenders and mortgage correspondent lenders shall

1353 be not less than one hundred thousand dollars and the penal sum of  
1354 the bond for mortgage brokers shall be not less than fifty thousand  
1355 dollars. The bond shall cover all mortgage loan originators sponsored  
1356 by such licensee.

1357 (2) Each mortgage loan originator licensee shall be covered by a  
1358 surety bond with a penal sum in an amount that reflects the dollar  
1359 amount of loans originated by such mortgage loan originator in  
1360 accordance with subsection (d) of this section, provided such coverage  
1361 shall be provided through a single surety bond filed with the  
1362 commissioner by the person who sponsors such mortgage loan  
1363 originator.

1364 (3) (A) In the case of an exempt registrant under subdivision (1), (2)  
1365 or (3) of subsection (a) of section 36a-487, as amended by this act: (i)  
1366 The surety bond shall cover all mortgage loan originators sponsored  
1367 by such exempt registrant and comply with the requirements set forth  
1368 in this section, and (ii) the penal sum of such bond shall be in an  
1369 amount determined in accordance with subsection (d) of this section,  
1370 provided the penal sum of the bond shall be not less than one hundred  
1371 thousand dollars; (B) in the case of an exempt registrant under  
1372 subsection (b) of section 36a-487, as amended by this act: (i) The surety  
1373 bond shall cover all mortgage loan originators sponsored by such  
1374 exempt registrant and comply with the requirements set forth in this  
1375 section, and (ii) the penal sum of the bond shall be in an amount  
1376 determined in accordance with subsection (d) of this section, provided  
1377 the penal sum shall be not less than fifty thousand dollars; and (C) in  
1378 the case of [an exempt registrant] a person exempt from licensure as a  
1379 mortgage lender, mortgage correspondent lender or mortgage broker  
1380 under subdivision (4) of subsection (a) of section 36a-487, as amended  
1381 by this act, the surety bond shall cover all mortgage loan originators  
1382 sponsored by such [exempt registrant] person and comply with the  
1383 requirements set forth in section 36a-671d, as amended by this act.

1384 (4) [(A)] The principal on a bond required by [subdivisions (1) and  
1385 (2) of this subsection shall annually confirm, in connection with any

1386 renewal request,] this section shall file quarterly reports on the system  
1387 reflecting residential mortgage loan volume in accordance with  
1388 subsection (c) of section 36a-534b, as amended by this act, to confirm  
1389 that it maintains the required penal sum in an amount required by  
1390 subsection (d) of this section. [after review of the preceding four-  
1391 quarter period ending June thirtieth.] The principal shall file such  
1392 information as the commissioner may require under subsection (d) of  
1393 this section and shall file, as the commissioner may require, pursuant  
1394 to [subdivision] subsection (d) of this section, any bond rider or  
1395 endorsement to the surety bond on file with the commissioner to  
1396 reflect any changes necessary to maintain the surety bond coverage  
1397 required by this section.

1398 [(B) The principal on a bond required by subdivision (3) of this  
1399 subsection shall annually confirm, in connection with any renewal  
1400 request, that it maintains the required penal sum in an amount  
1401 required by subsection (d) of this section after review of the preceding  
1402 four-quarter period ending June thirtieth. The principal shall file such  
1403 information as the commissioner may require under subsection (d) of  
1404 this section and shall file, as the commissioner may require pursuant to  
1405 subsection (d) of this section, any bond rider or endorsement to the  
1406 surety bond on file with the commissioner to reflect any changes  
1407 necessary to maintain the surety bond coverage required by this  
1408 section.]

1409 (5) The commissioner may adopt regulations in accordance with  
1410 chapter 54 with respect to the requirements for such surety bonds.

1411 (b) [The] Except for the bond required by subparagraph (C) of  
1412 subdivision (3) of subsection (a) of this section, the bond required by  
1413 subsection (a) of this section shall be (1) in a form approved by the  
1414 Attorney General, and (2) conditioned upon the mortgage lender,  
1415 mortgage correspondent lender or mortgage broker licensee and any  
1416 mortgage loan originator licensee sponsored by such mortgage lender,  
1417 mortgage correspondent lender or mortgage broker or, in the case of a  
1418 mortgage loan originator licensee sponsored by an exempt registrant,

1419 upon such mortgage loan originator licensee faithfully performing any  
1420 and all written agreements or commitments with or for the benefit of  
1421 borrowers and prospective borrowers, truly and faithfully accounting  
1422 for all funds received from a borrower or prospective borrower by the  
1423 licensee in the licensee's capacity as a mortgage lender, mortgage  
1424 correspondent lender, mortgage broker or mortgage loan originator,  
1425 and conducting such mortgage business consistent with the provisions  
1426 of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by  
1427 this act, 36a-534a and 36a-534b, as amended by this act. Any borrower  
1428 or prospective borrower who may be damaged by failure to perform  
1429 any written agreements or commitments, or by the wrongful  
1430 conversion of funds paid by a borrower or prospective borrower to a  
1431 licensee, may proceed on such bond against the principal or surety  
1432 thereon, or both, to recover damages. Any borrower or prospective  
1433 borrower who may be damaged by a mortgage lender, mortgage  
1434 correspondent lender, mortgage broker or mortgage loan originator  
1435 licensee's failure to satisfy a judgment against the licensee arising from  
1436 the making or brokering of a nonprime home loan, as defined in  
1437 section 36a-760, may proceed on such bond against the principal or  
1438 surety thereon, or both, to recover the amount of the judgment. The  
1439 commissioner may proceed on such bond against the principal or  
1440 surety thereon, or both, to collect any civil penalty imposed upon a  
1441 licensee pursuant to subsection (a) of section 36a-50 and any unpaid  
1442 costs of examination of a licensee as determined pursuant to section  
1443 36a-65, as amended by this act, and, on and after April 1, 2019, any  
1444 restitution imposed pursuant to subsection (c) of section 36a-50. The  
1445 proceeds of the bond, even if commingled with other assets of the  
1446 principal, shall be deemed by operation of law to be held in trust for  
1447 the benefit of such claimants against the principal in the event of  
1448 bankruptcy of the principal and shall be immune from attachment by  
1449 creditors and judgment creditors. The bond shall run concurrently  
1450 with the period of the license for the main office and the aggregate  
1451 liability under the bond shall not exceed the penal sum of the bond.  
1452 The principal shall notify the commissioner of the commencement of  
1453 an action on the bond. When an action is commenced on a principal's

1454 bond, the commissioner may require the filing of a new bond and  
1455 immediately on recovery on any action on the bond, the principal shall  
1456 file a new bond.

1457 (c) The surety company shall have the right to cancel the bond at  
1458 any time by a written notice to the principal stating the date  
1459 cancellation shall take effect, [ . Such notice] provided the surety  
1460 company notifies the commissioner in writing not less than thirty days  
1461 prior to the effective date of cancellation. If the bond is issued  
1462 electronically on the system, written notice of cancellation may be  
1463 provided by the surety company to the principal and the  
1464 commissioner through the system at least thirty days prior to the date  
1465 of cancellation. Any notice of cancellation not provided through the  
1466 system shall be sent by certified mail to the principal and the  
1467 commissioner at least thirty days prior to the date of cancellation. A  
1468 surety bond shall not be cancelled unless the surety company notifies  
1469 the commissioner in writing not less than thirty days prior to the  
1470 effective date of cancellation. After receipt of such notification from the  
1471 surety company, the commissioner shall give written notice to the  
1472 principal of the date such bond cancellation shall take effect and such  
1473 notice shall be deemed notice to each mortgage loan originator licensee  
1474 sponsored by such principal. The commissioner shall automatically  
1475 suspend the licenses of a mortgage lender, mortgage correspondent  
1476 lender or mortgage broker on such date and inactivate the licenses of  
1477 the mortgage loan originators sponsored by such lender,  
1478 correspondent lender or broker. In the case of a cancellation of an  
1479 exempt registrant's bond, the commissioner shall inactivate the licenses  
1480 of the mortgage loan originators sponsored by such exempt registrant.  
1481 No automatic suspension or inactivation shall occur if, prior to the date  
1482 that the bond cancellation shall take effect, (1) the principal submits a  
1483 letter of reinstatement of the bond from the surety company or a new  
1484 bond, (2) the mortgage lender, mortgage correspondent lender or  
1485 mortgage broker licensee has ceased business and has surrendered all  
1486 licenses in accordance with subsection (a) of section 36a-490, as  
1487 amended by this act, or (3) in the case of a mortgage loan originator

licensee, the sponsorship with the mortgage lender, mortgage correspondent lender or mortgage broker who was automatically suspended pursuant to this section or, with the exempt registrant who failed to provide the bond required by this section, has been terminated and a new sponsor has been requested and approved. After a mortgage lender, mortgage correspondent lender or mortgage broker license has been automatically suspended pursuant to this section, the commissioner shall (A) give [such] the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (B) require such licensee to take or refrain from taking such action as [in the opinion of] the commissioner [will] deems necessary to effectuate the purposes of this section. The commissioner may provide information to an exempt registrant concerning actions taken by the commissioner pursuant to this subsection against any mortgage loan originator licensee that was sponsored and bonded by such exempt registrant.

(d) The penal sum of the bond required by subdivisions (1) to (3), inclusive, of subsection (a) of this section shall be determined as follows:

(1) An applicant for an initial mortgage lender license or mortgage correspondent lender license shall file a bond in a penal sum of one hundred thousand dollars in connection with its application for the main office.

(2) An applicant for an initial mortgage broker license shall file a bond in a penal sum of fifty thousand dollars in connection with its application for the main office.

(3) An exempt registrant under subsection (d) of section 36a-487, as amended by this act, who is exempt from licensure under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum of one hundred thousand dollars

1520 the first time such exempt registrant sponsors a mortgage loan  
1521 originator.

1522 (4) An exempt registrant under subsection (d) of section 36a-487, as  
1523 amended by this act, who is exempt from licensure under subsection  
1524 (b) of section 36a-487, as amended by this act, shall file a bond in a  
1525 penal sum of fifty thousand dollars the first time such exempt  
1526 registrant sponsors a mortgage loan originator.

1527 (5) [An exempt registrant under subsection (d) of section 36a-487,  
1528 who is] Persons exempt from licensure under subdivision (4) of  
1529 subsection (a) of section 36a-487, as amended by this act, shall file a  
1530 bond in a penal sum as set forth in section 36a-671d, as amended by  
1531 this act.

1532 (6) (A) For mortgage lender and mortgage correspondent lender  
1533 licensees and persons sponsoring and bonding at least one mortgage  
1534 loan originator as an exempt registrant under subsection (d) of section  
1535 36a-487, as amended by this act, and who are exempt from licensing  
1536 under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as  
1537 amended by this act, if: (i) The aggregate dollar amount of all  
1538 residential mortgage loans originated by such licensee at all licensed  
1539 locations or by the exempt registrant during the preceding four  
1540 quarters ending June thirtieth is less than thirty million dollars, the  
1541 penal sum of the bond shall be one hundred thousand dollars; (ii) the  
1542 aggregate dollar amount of all residential mortgage loans originated  
1543 by such licensee at all licensed locations or by the exempt registrant  
1544 during the preceding four quarters ending June thirtieth is thirty  
1545 million dollars or more but less than one hundred million dollars, the  
1546 penal sum of the bond shall be two hundred thousand dollars; (iii) the  
1547 aggregate dollar amount of all residential mortgage loans originated  
1548 by such licensee at all licensed locations or by the exempt registrant  
1549 during the preceding four quarters ending June thirtieth is one  
1550 hundred million dollars or more but less than two hundred fifty  
1551 million dollars, the penal sum of the bond shall be three hundred  
1552 thousand dollars; and (iv) the aggregate dollar amount of all



1553 residential mortgage loans originated by such licensee at all licensed  
1554 locations or by the exempt registrant during the preceding four  
1555 quarters ending June thirtieth is two hundred fifty million dollars or  
1556 more, the penal sum of the bond shall be five hundred thousand  
1557 dollars.

1558 (B) For mortgage broker licensees and persons who are sponsoring  
1559 and bonding at least one mortgage loan originator as an exempt  
1560 registrant under subsection (d) of section 36a-487, as amended by this  
1561 act, and who are exempt from licensing under subsection (b) or (c) of  
1562 section 36a-487, as amended by this act, if: (i) The aggregate dollar  
1563 amount of all residential mortgage loans originated by such licensee at  
1564 all licensed locations or by the exempt registrant during the preceding  
1565 four quarters ending June thirtieth is less than thirty million dollars,  
1566 the penal sum of the bond shall be fifty thousand dollars; (ii) the  
1567 aggregate dollar amount of all residential mortgage loans originated  
1568 by such licensee at all licensed locations or by the exempt registrant  
1569 during the preceding four quarters ending June thirtieth is thirty  
1570 million dollars or more but less than fifty million dollars, the penal  
1571 sum of the bond shall be one hundred thousand dollars; and (iii) the  
1572 aggregate dollar amount of all residential mortgage loans originated  
1573 by such licensee at all licensed locations or by the exempt registrant  
1574 during the preceding four quarters ending June thirtieth is fifty million  
1575 dollars or more, the penal sum of the bond shall be one hundred fifty  
1576 thousand dollars.

1577 (7) For purposes of this subsection, the aggregate dollar amount of  
1578 all residential mortgage loans originated by such licensee or exempt  
1579 registrant includes the aggregate dollar amount of all closed residential  
1580 mortgage loans that the licensee or exempt registrant originated,  
1581 brokered or made, as applicable.

1582 (8) Financial information necessary to verify the aggregate dollar  
1583 amount of residential mortgage loans originated shall be filed with the  
1584 commissioner, as the commissioner may require, and shall be reported  
1585 on the system at such time and in such form as the system may

1586 require.

1587 (9) The commissioner may require a change in the penal sum of the  
1588 bond if the commissioner determines at any time that the aggregate  
1589 dollar amount of all residential mortgage loans originated warrants a  
1590 change in the penal sum of the bond.

1591 Sec. 14. Section 36a-493 of the 2018 supplement to the general  
1592 statutes is repealed and the following is substituted in lieu thereof  
1593 (*Effective October 1, 2018*):

1594 (a) Each mortgage lender, mortgage correspondent lender and  
1595 mortgage broker licensee, and each bona fide nonprofit organization  
1596 exempt from licensure under subdivision (2) of subsection (b) of  
1597 section 36a-487, as amended by this act, shall maintain adequate  
1598 records of each residential mortgage loan transaction at the office  
1599 named in the license, or, if requested by the commissioner, shall make  
1600 such records available at such office or send such records to the  
1601 commissioner by registered or certified mail, return receipt requested,  
1602 or by any express delivery carrier that provides a dated delivery  
1603 receipt, not later than five business days after requested by the  
1604 commissioner to do so. Upon request, the commissioner may grant a  
1605 licensee or exempt bona fide nonprofit organization additional time to  
1606 make such records available or send them to the commissioner. Such  
1607 records shall provide the following information: (1) A copy of any  
1608 disclosures required under part III of chapter 669; (2) whether the  
1609 licensee or exempt bona fide nonprofit organization acted as a  
1610 mortgage lender, a mortgage correspondent lender, a mortgage broker,  
1611 a mortgage lender and a mortgage broker, or a mortgage  
1612 correspondent lender and a mortgage broker; (3) if the licensee or  
1613 exempt bona fide nonprofit organization is acting as a mortgage lender  
1614 or mortgage correspondent lender, and retains the residential  
1615 mortgage loan or receives payments thereon, an adequate loan history  
1616 for those loans retained or upon which payments are received,  
1617 itemizing the amount and date of each payment and the unpaid  
1618 balance at all times; (4) the purpose for which the loan was made; (5)

1619 the original or an exact copy of the note, loan agreement or other  
1620 evidence of indebtedness and mortgage deed; (6) a statement signed  
1621 by the borrower acknowledging the receipt of such statement which  
1622 discloses the full amount of any fee, commission or consideration paid  
1623 to the mortgage lender, mortgage correspondent lender and mortgage  
1624 broker for all services in connection with the origination and  
1625 settlement of the residential mortgage loan; (7) the name and address  
1626 of the mortgage lender, mortgage correspondent lender and the  
1627 mortgage broker, if any, involved in the loan transaction; (8) a copy of  
1628 the initial and a copy of the final residential mortgage loan application  
1629 taken from the borrower; and (9) a copy of all information used in  
1630 evaluating the application.

1631 (b) For each loan that is made and serviced by a licensee or exempt  
1632 bona fide nonprofit organization, the licensee or exempt bona fide  
1633 nonprofit organization shall retain: (1) The records of such loan  
1634 transaction for not less than two years following the final payment  
1635 thereon, or the assignment of such loan, whichever occurs first, or such  
1636 longer period as may be required by any other provision of law, and  
1637 (2) copies of the note, Closing Disclosure or other settlement statement,  
1638 or such other records as are sufficient to verify the mortgage lender's  
1639 or mortgage correspondent lender's compliance with section 36a-498a,  
1640 as amended by this act, for not less than five years from the date of the  
1641 transaction.

1642 (c) For each loan transaction in which a licensee or exempt bona fide  
1643 nonprofit organization acts as a mortgage lender, mortgage  
1644 correspondent lender or mortgage broker but does not service the loan,  
1645 the licensee or exempt bona fide nonprofit organization shall retain: (1)  
1646 The records of such loan transaction for not less than two years from  
1647 the date of the transaction or such longer period as may be required by  
1648 any other provision of law, and (2) copies of the note, Closing  
1649 Disclosure or other settlement statement, or such other records as are  
1650 sufficient to verify the mortgage lender's or mortgage correspondent  
1651 lender's compliance with section 36a-498a, as amended by this act, for  
1652 not less than five years from the date of the transaction.

1653 (d) Each lead generator licensee shall maintain adequate records of  
1654 its lead generation activities at the office named in the license, or, if  
1655 requested by the commissioner, shall make such records available at  
1656 such office or send such records to the commissioner by registered or  
1657 certified mail, return receipt requested, or by any express delivery  
1658 carrier that provides a dated delivery receipt, not later than five  
1659 business days after such records are requested by the commissioner.  
1660 Upon request, the commissioner may grant a lead generator licensee  
1661 additional time to make such records available or send such records to  
1662 the commissioner. Such records shall include, for the preceding two-  
1663 year period: (1) Copies of all solicitation materials used in the lead  
1664 generator's business regardless of medium, including, but not limited  
1665 to, business cards, telephone scripts, mailers, electronic mail and radio,  
1666 television and Internet advertisements; (2) records of any contact or  
1667 attempted contact with a consumer, including the name, date, method  
1668 and nature of contact, and any information provided to or received  
1669 from the consumer; and (3) the name, address and, if applicable,  
1670 unique identifier of any person who received, requested or contracted  
1671 for leads or referrals and any fees or consideration charged or received  
1672 for such services.

1673 (e) Any person who furnishes to a licensee or an exempt bona fide  
1674 nonprofit organization any records required to be maintained under  
1675 this section or any information necessary to complete such records  
1676 may charge a fee to the licensee or exempt bona fide nonprofit  
1677 organization in an amount not to exceed fifty dollars.

1678 Sec. 15. Section 36a-494 of the 2018 supplement to the general  
1679 statutes is repealed and the following is substituted in lieu thereof  
1680 (*Effective October 1, 2018*):

1681 (a) (1) The commissioner may suspend, revoke or refuse to renew  
1682 any mortgage lender, mortgage correspondent lender or mortgage  
1683 broker license or take any other action, in accordance with the  
1684 provisions of section 36a-51, as amended by this act, for any reason  
1685 which would be sufficient grounds for the commissioner to deny an

1686 application for such license under sections 36a-485 to [36a-498f] 36a-  
1687 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-  
1688 534b, as amended by this act, or if the commissioner finds that the  
1689 licensee, any control person of the licensee, the qualified individual or  
1690 branch manager, [with supervisory authority,] trustee, employee or  
1691 agent of such licensee has done any of the following: (A) Made any  
1692 material misstatement in the application; (B) committed any fraud,  
1693 misappropriated funds or misrepresented, concealed, suppressed,  
1694 intentionally omitted or otherwise intentionally failed to disclose any  
1695 of the material particulars of any residential mortgage loan transaction,  
1696 including disclosures required by subdivision (6) of subsection (a) of  
1697 section 36a-493, as amended by this act, or part III of chapter 669 or  
1698 regulations adopted pursuant thereto, to anyone entitled to such  
1699 information; (C) violated any of the provisions of this title or of any  
1700 regulation or order adopted or issued pursuant thereto [, and]  
1701 pertaining to any such person, or any other law or regulation  
1702 applicable to the conduct of its business; or (D) failed to perform any  
1703 agreement with a licensee or a borrower. For purposes of this  
1704 subdivision, "agent" includes any settlement agent used by the licensee  
1705 and "settlement agent" means the person specified in any Closing  
1706 Disclosure or other settlement statement, provided such settlement  
1707 agent has been selected by the licensee. Any settlement agent whose  
1708 name appears on the licensee's list of approved settlement agents shall  
1709 be deemed selected by the licensee even if the settlement agent is  
1710 selected from such list by the borrower.

1711 (2) The commissioner may suspend, revoke or refuse to renew any  
1712 mortgage loan originator license or any loan processor or underwriter  
1713 license or take any other action, in accordance with the provisions of  
1714 section 36a-51, as amended by this act, for any reason which would be  
1715 sufficient grounds for the commissioner to deny an application for  
1716 such license under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as  
1717 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by  
1718 this act, or if the commissioner finds that the licensee has committed  
1719 any fraud, misappropriated funds, misrepresented, concealed,

1720 suppressed, intentionally omitted or otherwise intentionally failed to  
1721 disclose any of the material particulars of any residential mortgage  
1722 loan transaction or has violated any of the provisions of this title or of  
1723 any [regulations] regulation or order adopted or issued pursuant [to  
1724 such title] thereto pertaining to any such person, or any other law or  
1725 regulation applicable to the conduct of such licensee's business.

1726 (3) The commissioner may suspend, revoke or refuse to renew any  
1727 lead generator license or take any other action, in accordance with the  
1728 provisions of section 36a-51, as amended by this act, for any reason  
1729 that would be sufficient grounds for the commissioner to deny an  
1730 application for such license under sections 36a-485 to [36a-498f] 36a-  
1731 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-  
1732 534b, as amended by this act, or if the commissioner finds that the  
1733 licensee, any control person of the licensee or qualified individual,  
1734 trustee, employee or agent of such licensee has done any of the  
1735 following: (A) Made any material misstatement in the application for  
1736 licensure; (B) committed any fraud or misrepresentation in connection  
1737 with such licensee's lead generator business; or (C) violated any of the  
1738 provisions of this title or of any [regulations] regulation or order  
1739 adopted or issued pursuant thereto, and pertaining to any such person,  
1740 or any other law or regulation applicable to the conduct of such  
1741 licensee's lead generator business.

1742 (b) Whenever it appears to the commissioner that (1) any person has  
1743 violated, is violating or is about to violate any of the provisions of  
1744 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this  
1745 act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or any  
1746 regulation adopted pursuant thereto, (2) any person is, was, or would  
1747 be a cause of the violation of any such provisions or regulation due to  
1748 an act or omission such person knew or should have known would  
1749 contribute to such violation, or (3) any licensee has failed to perform  
1750 any agreement with a borrower, committed any fraud,  
1751 misappropriated funds or misrepresented, concealed, suppressed,  
1752 intentionally omitted or otherwise intentionally failed to disclose any  
1753 of the material particulars of any residential mortgage loan transaction,

1754 including disclosures required by subdivision (6) of subsection (a) of  
1755 section 36a-493, as amended by this act, or part III of chapter 669 or  
1756 regulations adopted pursuant thereto, to anyone entitled to such  
1757 information, the commissioner may take action against such person or  
1758 licensee in accordance with sections 36a-50 and 36a-52.

1759 (c) [(1)] The commissioner may order a licensee to remove any  
1760 individual conducting business under sections 36a-485 to [36a-498f]  
1761 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and  
1762 36a-534b, as amended by this act, from office and from employment or  
1763 retention as an independent contractor in the mortgage business in this  
1764 state [whenever the commissioner finds as the result of an  
1765 investigation that such individual: (A) Has violated any of said  
1766 sections or any regulation or order issued thereunder; or (B) for any  
1767 reason that would be sufficient grounds for the commissioner to deny  
1768 a license under section 36a-489, by sending a notice to such individual  
1769 by registered or certified mail, return receipt requested, or by any  
1770 express delivery carrier that provides a dated delivery receipt. The  
1771 notice shall be deemed received by such individual on the earlier of the  
1772 date of actual receipt or seven days after mailing or sending. Any such  
1773 notice shall include: (i) A statement of the time, place and nature of the  
1774 hearing; (ii) a statement of the legal authority and jurisdiction under  
1775 which the hearing is to be held; (iii) a reference to the particular  
1776 sections of the general statutes, regulations or orders alleged to have  
1777 been violated; (iv) a short and plain statement of the matters asserted;  
1778 and (v) a statement indicating that such individual may file a written  
1779 request for a hearing on the matters asserted not later than fourteen  
1780 days after receipt of the notice. If the commissioner finds that the  
1781 protection of borrowers requires immediate action, the commissioner  
1782 may suspend any such individual from office and require such  
1783 individual to take or refrain from taking such action as in the opinion  
1784 of the commissioner will effectuate the purposes of this subsection, by  
1785 incorporating a finding to that effect in such notice. The suspension or  
1786 prohibition shall become effective upon receipt of such notice and,  
1787 unless stayed by a court, shall remain in effect until the entry of a

1788 permanent order or the dismissal of the matters asserted] in  
1789 accordance with section 5 of this act.

1790 [(2) If a hearing is requested within the time specified in the notice,  
1791 the commissioner shall hold a hearing upon the matters asserted in the  
1792 notice unless such individual fails to appear at the hearing. After the  
1793 hearing, if the commissioner finds that any of the grounds set forth in  
1794 subparagraph (A) or (B), of subdivision (1) of this subsection exist with  
1795 respect to such individual, the commissioner may order the removal of  
1796 such individual from office and from any employment in the mortgage  
1797 business in this state. If such individual fails to appear at the hearing,  
1798 the commissioner may order the removal of such individual from  
1799 office and from employment in the mortgage business in this state.]

1800 (d) The commissioner may issue a temporary order to cease  
1801 business under a license if the commissioner determines that such  
1802 license was issued erroneously. [The commissioner shall give the  
1803 licensee an opportunity for a hearing on such action in accordance  
1804 with section 36a-52. Such temporary order shall become effective upon  
1805 receipt by the licensee and, unless set aside or modified by a court,  
1806 shall remain in effect until the effective date of a permanent order or  
1807 dismissal of the matters asserted in the notice.] Such temporary order  
1808 shall be issued in accordance with subsection (j) of section 36a-24b and  
1809 section 36a-52.

1810 Sec. 16. Section 36a-496 of the general statutes is repealed and the  
1811 following is substituted in lieu thereof (*Effective October 1, 2018*):

1812 No person engaged in the business of making residential mortgage  
1813 loans in this state, whether licensed in accordance with the provisions  
1814 of sections 36a-485 to [36a-498a] 36a-498e, inclusive, as amended by  
1815 this act, 36a-534a and 36a-534b, as amended by this act, or exempt  
1816 from licensing, shall accept applications or referral of applicants from,  
1817 or pay a fee to, any mortgage broker or mortgage loan originator who  
1818 is required to be licensed under said sections but was not, as of the  
1819 time of the performance of such mortgage broker's or mortgage loan



1820 originator's services in connection with loans made or to be made by  
1821 the mortgage lender or mortgage correspondent lender, licensed to act  
1822 as such by the commissioner, if the mortgage lender or mortgage  
1823 correspondent lender has actual knowledge that the mortgage broker  
1824 or mortgage loan originator was not licensed by the commissioner.

1825 Sec. 17. Section 36a-498 of the general statutes is repealed and the  
1826 following is substituted in lieu thereof (*Effective October 1, 2018*):

1827 (a) Except as provided in subsection (c) of this section, every  
1828 advance fee paid or given, directly or indirectly, to a mortgage lender,  
1829 mortgage correspondent lender or mortgage broker required to be  
1830 licensed pursuant to sections 36a-485 to [36a-498f] 36a-498e, inclusive,  
1831 as amended by this act, 36a-534a and 36a-534b, as amended by this act,  
1832 shall be refundable.

1833 (b) No mortgage loan originator required to be licensed pursuant to  
1834 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this  
1835 act, 36a-534a and 36a-534b, as amended by this act, shall accept  
1836 payment of any advance fee except an advance fee on behalf of a  
1837 mortgage lender, mortgage correspondent lender or mortgage broker  
1838 licensee. Nothing in this subsection shall be construed as prohibiting  
1839 the mortgage lender, mortgage correspondent lender or mortgage  
1840 broker licensee from paying a mortgage loan originator all or part of  
1841 an advance fee, provided such advance fee paid is not refundable  
1842 under this section.

1843 (c) Subsection (a) of this section shall not apply if: (1) The person  
1844 providing the advance fee and the mortgage lender, mortgage  
1845 correspondent lender or mortgage broker agree in writing that the  
1846 advance fee shall not be refundable, in whole or in part; and (2) the  
1847 written agreement complies in all respects with the provisions of  
1848 subsection (d) of this section.

1849 (d) An agreement under subsection (c) of this section shall meet all  
1850 of the following requirements to be valid and enforceable: (1) The  
1851 agreement shall be dated, signed by both parties, and be executed

1852 prior to the payment of any advance fee; (2) the agreement shall  
1853 expressly state the total advance fee required to be paid and any  
1854 amount of the advance fee that shall not be refundable; (3) the  
1855 agreement shall clearly and conspicuously state any conditions under  
1856 which the advance fee will be retained by the mortgage lender,  
1857 mortgage correspondent lender or mortgage broker; (4) the term  
1858 "nonrefundable" shall be used to describe each advance fee or portion  
1859 thereof to which the term is applicable, and shall appear in boldface  
1860 type in the agreement each time it is used; and (5) the form of the  
1861 agreement shall (A) be separate from any other forms, contracts, or  
1862 applications utilized by the mortgage lender, mortgage correspondent  
1863 lender or mortgage broker, (B) contain a heading in a size equal to at  
1864 least ten-point boldface type that shall title the form "AGREEMENT  
1865 CONCERNING NONREFUNDABILITY OF ADVANCE FEE", (C)  
1866 provide for a duplicate copy which shall be given to the person paying  
1867 the advance fee at the time of payment of the advance fee, and (D)  
1868 include such other specifications as the commissioner may by  
1869 regulation prescribe.

1870 (e) An agreement under subsection (c) of this section that does not  
1871 meet the requirements of subsection (d) of this section shall be  
1872 voidable at the election of the person paying the advance fee.

1873 (f) (1) No mortgage lender, mortgage correspondent lender or  
1874 mortgage broker required to be licensed pursuant to sections 36a-485  
1875 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and  
1876 36a-534b, as amended by this act, shall enter into an agreement with or  
1877 otherwise require any person to pay the mortgage lender, mortgage  
1878 correspondent lender or mortgage broker for any fee, commission or  
1879 other valuable consideration lost as a result of such person failing to  
1880 consummate a residential mortgage loan, provided the mortgage  
1881 lender, mortgage correspondent lender or mortgage broker may collect  
1882 such fee, commission or consideration as an advance fee subject to the  
1883 requirements of this section.

1884 (2) No mortgage broker required to be licensed pursuant to sections

1885 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-  
1886 534a and 36a-534b, as amended by this act, shall enter into an  
1887 agreement with or otherwise require any person to pay the mortgage  
1888 broker any fee, commission or other valuable consideration for the  
1889 prepayment of the principal of a residential mortgage loan by such  
1890 person before the date on which the principal is due.

1891 (g) (1) For the purposes of this subsection:

1892 (A) "Unfair or deceptive act or practice" means (i) the failure to  
1893 clearly and conspicuously state in the initial phase of the solicitation  
1894 that the solicitor is not affiliated with the mortgage lender, mortgage  
1895 correspondent lender or mortgage broker with which the consumer  
1896 initially applied, (ii) the failure to clearly and conspicuously state in  
1897 the initial phase of the solicitation that the solicitation is based on  
1898 personal information about the consumer that was purchased, directly  
1899 or indirectly, from a consumer reporting agency without the  
1900 knowledge or permission of the mortgage lender, mortgage  
1901 correspondent lender or mortgage broker with which the consumer  
1902 initially applied, (iii) the failure in the initial solicitation to comply  
1903 with the provisions of the federal Fair Credit Reporting Act relating to  
1904 prescreening solicitations that use consumer reports, including the  
1905 requirement to make a firm offer of credit to the consumer, or (iv)  
1906 knowingly or negligently using information from a mortgage trigger  
1907 lead (I) to solicit consumers who have opted out of prescreened offers  
1908 of credit under the federal Fair Credit Reporting Act, or (II) to place  
1909 telephone calls to consumers who have placed their contact  
1910 information on a federal or state Do Not Call list; and

1911 (B) "Mortgage trigger lead" means a consumer report obtained  
1912 pursuant to Section 604(c)(1)(B) of the federal Fair Credit Reporting  
1913 Act, 15 USC 1681b, where the issuance of the report is triggered by an  
1914 inquiry made with a consumer reporting agency in response to an  
1915 application for credit. "Mortgage trigger lead" does not include a  
1916 consumer report obtained by a mortgage lender or mortgage  
1917 correspondent lender that holds or services existing indebtedness of

1918 the applicant who is the subject of the report.

1919 (2) No mortgage lender, mortgage correspondent lender, mortgage  
1920 broker or mortgage loan originator shall engage in an unfair or  
1921 deceptive act or practice in soliciting an application for a residential  
1922 mortgage loan when such solicitation is based, in whole or in part, on  
1923 information contained in a mortgage trigger lead. Any violation of this  
1924 subsection shall be deemed an unfair or deceptive trade practice under  
1925 subsection (a) of section 42-110b.

1926 (h) No mortgage lender or mortgage correspondent lender shall  
1927 include in a residential mortgage loan for which an application is  
1928 received by such lender on or after October 1, 2009, a provision that  
1929 increases the interest rate as a result of a default other than a failure to  
1930 comply with a provision to maintain an automatic electronic payment  
1931 feature where such maintenance provision has been provided in return  
1932 for an interest rate reduction and the increase is no greater than such  
1933 reduction.

1934 Sec. 18. Subsection (a) of section 36a-498a of the general statutes is  
1935 repealed and the following is substituted in lieu thereof (*Effective*  
1936 *October 1, 2018*):

1937 (a) No mortgage lender licensee or mortgage correspondent lender  
1938 licensee under section 36a-489, as amended by this act, and no person  
1939 exempt from licensure under [subdivision (1)] subdivisions (1) to (3),  
1940 inclusive, of subsection (a) and subdivisions (1) [and (4) [and (5)]] of  
1941 subsection (b) of section 36a-487, as amended by this act, making a first  
1942 mortgage loan may charge, impose or cause to be paid, directly or  
1943 indirectly, prepaid finance charges that exceed in the aggregate, the  
1944 greater of five per cent of the principal amount of the loan or two  
1945 thousand dollars. If the proceeds of the loan are used to refinance an  
1946 existing loan, the aggregate of the prepaid finance charges for the  
1947 current refinancing and any previous financings by such licensee or  
1948 exempt person or affiliate of such licensee or exempt person within  
1949 two years of the current refinancing shall not exceed the greater of five

1950 per cent of the principal amount of the initial loan or two thousand  
1951 dollars. The provisions of this section shall not prohibit such licensee  
1952 or exempt person from charging, imposing or causing to be paid,  
1953 directly or indirectly, prepaid finance charges in addition to those  
1954 permitted by this section in connection with any additional proceeds  
1955 received by the borrower in the refinancing, provided such prepaid  
1956 finance charges on the additional proceeds shall not exceed five per  
1957 cent of the additional proceeds.

1958 Sec. 19. Section 36a-498d of the general statutes is repealed and the  
1959 following is substituted in lieu thereof (*Effective October 1, 2018*):

1960 (a) (1) The unique identifier of any mortgage loan originator or loan  
1961 processor or underwriter licensed under section 36a-489, as amended  
1962 by this act, shall be clearly shown on all residential mortgage loan  
1963 application forms. [.]

1964 (2) The unique identifier of any mortgage lender, mortgage  
1965 correspondent lender, mortgage broker or lead generator licensed  
1966 under section 36a-489, as amended by this act, shall be clearly shown  
1967 on all solicitations or advertisements, including business cards or  
1968 Internet web sites, and any other documents as established by rule,  
1969 regulation or order of the commissioner and shall be clearly stated in  
1970 all audio solicitations or advertisements.

1971 (3) The unique identifier of a mortgage loan originator or loan  
1972 processor or underwriter licensed under section 36a-489, as amended  
1973 by this act, shall be clearly shown on all solicitations and  
1974 advertisements, including business cards and Internet web sites, and  
1975 any other documents as established by rule, regulation or order of the  
1976 commissioner, and shall be clearly stated in all audio solicitations and  
1977 advertisements when disseminated by: (A) A mortgage loan originator  
1978 or loan processor or underwriter regarding such individual's own  
1979 services, or (B) the sponsor of such mortgage loan originator or loan  
1980 processor or underwriter if such solicitation or advertisement  
1981 identifies the services of a particular mortgage loan originator or loan

1982 processor or underwriter.

1983 (b) The advertising of any person licensed under section 36a-489, as  
1984 amended by this act: (1) Shall not include any statement that such  
1985 person is endorsed in any way by this state, except that such  
1986 advertising may include a statement that such person is licensed in this  
1987 state; (2) shall not include any statement or claim that is false,  
1988 deceptive or misleading; (3) shall otherwise conform to the  
1989 requirements of sections 36a-485 to 36a-498e, inclusive, as amended by  
1990 this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, any  
1991 regulations issued thereunder and any other applicable law; and (4)  
1992 shall be retained for two years from the date of its use.

1993 Sec. 20. Section 36a-498e of the 2018 supplement to the general  
1994 statutes, as amended by section 9 of public act 17-233 and section 24 of  
1995 public act 17-236, is repealed and the following is substituted in lieu  
1996 thereof (*Effective October 1, 2018*):

1997 (a) No person who is required to be licensed and who is subject to  
1998 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this  
1999 act, 36a-534a and 36a-534b, as amended by this act, may, directly or  
2000 indirectly:

2001 (1) Employ any scheme, device or artifice to defraud or mislead  
2002 borrowers or lenders or to defraud any person;

2003 (2) Engage in any unfair or deceptive practice toward any person;

2004 (3) Obtain property by fraud or misrepresentation;

2005 (4) Solicit or enter into a contract with a borrower that provides in  
2006 substance that such person or individual may earn a fee or commission  
2007 through "best efforts" to obtain a loan even though no loan is actually  
2008 obtained for the borrower;

2009 (5) Solicit, advertise or enter into a contract for specific interest rates,  
2010 points or other financing terms unless the terms are actually available  
2011 at the time of soliciting, advertising or contracting;

2012 (6) Conduct any business as a mortgage lender, mortgage  
2013 correspondent lender, mortgage broker, lead generator, mortgage loan  
2014 originator or loan processor or underwriter without holding a valid  
2015 license as required under sections 36a-485 to [36a-498f] 36a-498e,  
2016 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as  
2017 amended by this act, or assist or [aide] aid and abet any person in the  
2018 conduct of business as a mortgage lender, mortgage correspondent  
2019 lender, mortgage broker, mortgage loan originator or loan processor or  
2020 underwriter without a valid license as required under said sections;

2021 (7) Fail to make disclosures as required by sections 36a-485 to [36a-  
2022 498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a  
2023 and 36a-534b, as amended by this act, and any other applicable state or  
2024 federal law including regulations thereunder;

2025 (8) Fail to comply with sections 36a-485 to [36a-498f] 36a-498e,  
2026 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as  
2027 amended by this act, or rules or regulations adopted under said  
2028 sections or fail to comply with any other state or federal law, including  
2029 the rules and regulations thereunder, applicable to any business  
2030 authorized or conducted under said sections;

2031 (9) Make, in any manner, any false or deceptive statement or  
2032 representation including, with regard to the rates, points or other  
2033 financing terms or conditions for a residential mortgage loan, or  
2034 engage in bait and switch advertising;

2035 (10) Negligently make any false statement or knowingly and  
2036 wilfully make any omission of material fact in connection with any  
2037 information or reports filed with a governmental agency or the system,  
2038 as defined in section 36a-2, as amended by this act, or in connection  
2039 with any investigation conducted by the commissioner or another  
2040 governmental agency;

2041 (11) Make any payment, threat or promise, directly or indirectly, to  
2042 any person for the purposes of influencing the independent judgment  
2043 of the person in connection with a residential mortgage loan as defined

2044 in section 36a-485, as amended by this act, or make any payment,  
2045 threat or promise, directly or indirectly, to any appraiser of a property,  
2046 for the purposes of influencing the independent judgment of the  
2047 appraiser with respect to the value of the property;

2048 (12) Collect, charge, attempt to collect or charge or use or propose  
2049 any agreement purporting to collect or charge any fee prohibited by  
2050 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this  
2051 act, 36a-498h, 36a-534a and 36a-534b, as amended by this act;

2052 (13) Cause or require a borrower to obtain property insurance  
2053 coverage in an amount that exceeds the replacement cost of the  
2054 improvements as established by the property insurer; or

2055 (14) Fail to truthfully account for moneys belonging to a party to a  
2056 residential mortgage loan transaction.

2057 (b) (1) No person, other than an individual, who is required to be  
2058 licensed and is subject to sections 36a-485 to [36a-498f] 36a-498h,  
2059 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
2060 by this act, and no qualifying individual or branch manager shall fail  
2061 to establish, enforce and maintain policies and procedures reasonably  
2062 designed to achieve compliance with subsection (a) of this section.

2063 (2) No individual who (A) is required to be licensed as a mortgage  
2064 loan originator, (B) is subject to sections 36a-485 to [36a-498f] 36a-498e,  
2065 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
2066 by this act, and (C) supervises loan processors or loan underwriters  
2067 shall fail to enforce any policies and procedures established in  
2068 accordance with subdivision (1) of this subsection.

2069 (3) No violation of this subsection shall be found unless the failure  
2070 to establish, enforce and maintain policies and procedures resulted in  
2071 conduct in violation of sections 36a-485 to [36a-498f] 36a-498e,  
2072 inclusive, as amended by this act, 36a-498h, 36a-534a [to] and 36a-534b,  
2073 inclusive, as amended by this act, or rules or regulations adopted  
2074 under said sections or any other state or federal law, including the



2075 rules and regulations thereunder, applicable to any business  
2076 authorized or conducted under said sections.

2077 Sec. 21. Section 36a-498g of the general statutes is repealed and the  
2078 following is substituted in lieu thereof (*Effective October 1, 2018*):

2079 If any provision or application of section 36a-21, sections 36a-485 to  
2080 [36a-498f] ~~36a-498e~~, inclusive, as amended by this act, or sections ~~36a-~~  
2081 ~~498h~~, 36a-534a and 36a-534b, as amended by this act, to any person or  
2082 circumstance is held invalid by a court of this state, the remainder of  
2083 said sections or the application of such provision to other persons or  
2084 circumstances shall not be affected.

2085 Sec. 22. Section 36a-534b of the 2018 supplement to the general  
2086 statutes is repealed and the following is substituted in lieu thereof  
2087 (*Effective October 1, 2018*):

2088 (a) (1) In addition to any other duties imposed upon the  
2089 commissioner by law, the commissioner shall require mortgage  
2090 lenders, mortgage correspondent lenders, mortgage brokers, lead  
2091 generators, mortgage loan originators and loan processors or  
2092 underwriters to be licensed and registered through the system. In  
2093 order to carry out this requirement, the commissioner shall participate  
2094 in the system and permit the system to process applications for  
2095 mortgage lender, mortgage correspondent lender, mortgage broker,  
2096 lead generator, mortgage loan originator and loan processor or  
2097 underwriter licenses in this state and receive and maintain records  
2098 related to such licenses that are allowed or required to be maintained  
2099 by the commissioner. For this purpose, the commissioner may  
2100 establish requirements as necessary for participation in the system,  
2101 including: (A) Background checks for criminal history through (i)  
2102 fingerprint or other databases, (ii) civil or administrative records, or  
2103 (iii) credit history or any other information as deemed necessary by the  
2104 system; (B) the payment of fees to apply for or renew licenses through  
2105 the system; (C) the setting or resetting of renewal or reporting dates;  
2106 and (D) the requirements for amending or surrendering a license or

2107 any other such activities as the commissioner deems necessary for  
2108 participation in the system. For the purpose of participating in the  
2109 system, the commissioner may waive or modify, in whole or in part,  
2110 by regulation or order, any requirement of this section and sections  
2111 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-  
2112 498h, and 36a-534a and establish new requirements as reasonably  
2113 necessary to participate in the system. For the purposes of  
2114 implementing an orderly and efficient licensing process, the  
2115 commissioner may adopt licensing regulations, in accordance with the  
2116 provisions of chapter 54, and interim procedures for licensing and  
2117 acceptance of applications. For previously licensed individuals, the  
2118 commissioner may establish expedited review and licensing  
2119 procedures.

2120 (2) The commissioner shall report regularly to the system violations  
2121 of and enforcement actions under sections 36a-485 to [36a-498f] 36a-  
2122 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-  
2123 534b, as amended by this act, and other relevant information.

2124 (3) The commissioner may establish relationships or enter into  
2125 contracts with the system or other entities designated by the system to  
2126 collect and maintain records and process transaction fees or other fees  
2127 related to licensees or other persons subject to sections 36a-485 to [36a-  
2128 498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a  
2129 and 36a-534b, as amended by this act.

2130 (4) For the purposes of sections 36a-485 to [36a-498f] 36a-498e,  
2131 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as  
2132 amended by this act, and to reduce the points of contact that the  
2133 Federal Bureau of Investigation may have to maintain for purposes of  
2134 subsections (b) to (d), inclusive, of section 36a-488, as amended by this  
2135 act, the commissioner may use the system as a channeling agent for  
2136 requesting information from and distributing information to the  
2137 United States Department of Justice or any governmental agency.

2138 (5) For the purposes of sections 36a-485 to [36a-498f] 36a-498e,

2139 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as  
2140 amended by this act, and to reduce the points of contact that the  
2141 commissioner may have to maintain for purposes of subsections (b) to  
2142 (d), inclusive, of section 36a-488, as amended by this act, and section  
2143 36a-498h, the commissioner may use the system as a channeling agent  
2144 for requesting and distributing information to and from any source, as  
2145 directed by the commissioner.

2146 (6) Mortgage lenders, mortgage correspondent lenders, mortgage  
2147 brokers, lead generators, mortgage loan originators and loan  
2148 processors or underwriters may challenge information entered into the  
2149 system by the commissioner. Such challenge shall (A) be made in  
2150 writing to the commissioner, (B) set forth the specific information  
2151 being challenged, and (C) include any evidence which supports the  
2152 challenge. Challenges shall be limited to the factual accuracy of  
2153 information within the system. If the commissioner determines that the  
2154 information entered into the system is factually inaccurate, the  
2155 commissioner shall take prompt action to correct such information.  
2156 Nothing in this subdivision shall be construed to permit a challenge  
2157 under this section to the merits or factual basis of any administrative  
2158 action taken by the commissioner pursuant to this title.

2159 (b) Any licensing or license-related filings shall be submitted  
2160 exclusively through the system, except as directed by the  
2161 commissioner.

2162 (c) Any person making any filing or submission of any information  
2163 on the system shall do so in accordance with the procedures and  
2164 requirements of the system and pay the applicable fees or charges to  
2165 the system. Each mortgage lender, mortgage correspondent lender,  
2166 mortgage broker, lead generator, mortgage loan originator and loan  
2167 processor or underwriter licensee and each exempt registrant, to the  
2168 extent required by the system, shall timely submit to the system  
2169 accurate reports of condition that shall be in such form and shall  
2170 contain such information as the system may require. Failure by a  
2171 licensee to submit a timely and accurate report of condition shall

2172 constitute a violation of this provision. Failure of an exempt registrant  
2173 to timely and accurately submit a report of condition shall form a basis  
2174 to inactivate the licenses of all sponsored mortgage loan originators or  
2175 loan processor or underwriters. To the extent that the system does not  
2176 require submission of reports of condition by individual mortgage  
2177 loan originator or loan processor or underwriter licensees, such  
2178 individual licensees shall timely and accurately report all required  
2179 information in their possession to their sponsor for purposes of their  
2180 sponsor's reporting obligation. Failure of an individual licensee to  
2181 timely and accurately report required information in such licensee's  
2182 possession to such licensee's sponsor shall constitute a violation of this  
2183 provision.

2184 Sec. 23. Section 36a-535 of the 2018 supplement to the general  
2185 statutes is repealed and the following is substituted in lieu thereof  
2186 (*Effective October 1, 2018*):

2187 As used in sections 36a-535 to [36a-546] 36a-547, inclusive, as  
2188 amended by this act, unless the context otherwise requires:

2189 (1) The terms "goods", "retail installment sale", "retail installment  
2190 contract", "installment loan contract", "retail seller" and "retail buyer"  
2191 have the same meanings as provided in section 36a-770;

2192 (2) "Sales finance company" means any person engaging in this state  
2193 in the business, in whole or in part, of (A) acquiring retail installment  
2194 contracts or installment loan contracts from the holders thereof, by  
2195 purchase, discount or pledge, or by loan or advance to the holder of  
2196 either on the security thereof, or otherwise, or (B) [acquiring retail  
2197 installment loan contracts or installment loan contracts as described in  
2198 subparagraph (A) of this subsection and subsequently conveying,  
2199 assigning or otherwise transferring any interest in such contract to  
2200 another person, but continuing to receive payments of principal and  
2201 interest from a retail buyer under such contract] receiving payments of  
2202 principal and interest from a retail buyer under a retail installment  
2203 contract or installment loan contract whether such person owns such

2204 contract or has conveyed, assigned or otherwise transferred any  
2205 interest in such contract to another person. "Sales finance company"  
2206 does not include a bank, out-of-state bank, Connecticut credit union,  
2207 federal credit union, or out-of-state credit union, if so engaged;

2208 (3) "Advertise" or "advertising" has the same meaning as provided  
2209 in section 36a-485, as amended by this act; [and]

2210 (4) "Control person" has the same meaning as provided in section  
2211 36a-485, [.] as amended by this act;

2212 (5) "Branch office" means a location other than the main office at  
2213 which a licensee or any person on behalf of a licensee acts as a sales  
2214 finance company;

2215 (6) "Main office" has the same meaning as provided in section 36a-  
2216 485, as amended by this act; and

2217 (7) "Unique identifier" has the same meaning as provided in section  
2218 36a-485, as amended by this act.

2219 Sec. 24. Section 36a-536 of the general statutes is repealed and the  
2220 following is substituted in lieu thereof (*Effective October 1, 2018*):

2221 No person, unless excluded from the definition of a "sales finance  
2222 company" as provided in section 36a-535, as amended by this act, shall  
2223 engage in the business of a sales finance company unless [licensed as  
2224 provided in sections 36a-535 to 36a-546, inclusive] such person has  
2225 obtained a license for its main office and for each branch office where  
2226 such business is conducted in accordance with the provisions of  
2227 sections 36a-535 to 36a-547, inclusive, as amended by this act. Any  
2228 activity subject to licensure pursuant to sections 36a-535 to 36a-547,  
2229 inclusive, as amended by this act, shall be conducted from an office  
2230 located in a state, as defined in section 36a-2. A licensee under [said]  
2231 sections 36a-535 to 36a-547, inclusive, as amended by this act, shall not  
2232 be required to obtain any other license in this state in order to perform  
2233 any act permitted or required to be performed by such licensee under

2234 said sections.

2235 Sec. 25. Section 36a-537 of the general statutes is repealed and the  
2236 following is substituted in lieu thereof (*Effective October 1, 2018*):

2237 (a) [The application for a license as a sales finance company shall be  
2238 on a form prescribed by the commissioner, in writing and under oath,  
2239 together with such exhibits and other pertinent information as the  
2240 commissioner may require. The application shall include (1) the  
2241 history of criminal convictions of the applicant; and the partners, if the  
2242 applicant is a partnership; the members, if the applicant is a limited  
2243 liability company or association; or the officers, directors and principal  
2244 employees if the applicant is a corporation; and (2) sufficient  
2245 information pertaining to the history of criminal convictions, in a form  
2246 acceptable to the commissioner, on such applicant, partners, directors,  
2247 members, officers, and principal employees as the commissioner  
2248 deems necessary to make findings under section 36a-541. The  
2249 commissioner, in accordance with section 29-17a, may conduct a state  
2250 and national criminal history records check of the applicant and of  
2251 each partner, member, officer, director and principal employee of the  
2252 applicant.] An application for a license as a sales finance company or  
2253 for renewal of such license shall be made and processed on the system  
2254 pursuant to section 36a-24b, in the form prescribed by the  
2255 commissioner. Each such form shall contain content as set forth by  
2256 instruction or procedure of the commissioner and may be changed or  
2257 updated as necessary by the commissioner in order to carry out the  
2258 purposes of sections 36a-535 to 36a-547, inclusive, as amended by this  
2259 act. The applicant shall, at a minimum, furnish to the system  
2260 information concerning the identity of the applicant, any control  
2261 person of the applicant, the qualified individual and any branch  
2262 manager responsible for the actions of the licensee, including, but not  
2263 limited to, information related to such person's personal history and  
2264 experience, and any administrative, civil or criminal findings by any  
2265 governmental jurisdiction.

2266 (b) As part of an application the commissioner may (1) in

2267 accordance with section 29-17a, conduct a state or national criminal  
2268 history records check of the applicant, any control person of the  
2269 applicant, the qualified individual or any branch manager; and (2) in  
2270 accordance with section 36a-24b, (A) require the submission of  
2271 fingerprints of the applicant, any control person of the applicant, the  
2272 qualified individual or any branch manager to the Federal Bureau of  
2273 Investigation or other state, national or international criminal  
2274 databases, and (B) investigate the financial condition of any such  
2275 person and require authorization of any such person for the system  
2276 and the commissioner to obtain an independent credit report from a  
2277 consumer reporting agency, as described in Section 603(p) of the Fair  
2278 Credit Reporting Act, 15 USC 1681a, as amended from time to time.  
2279 The commissioner may deem an application for a license as a sales  
2280 finance company abandoned if the applicant fails to respond to any  
2281 request for information required under sections 36a-535 to [36a-546]  
2282 36a-547, inclusive, as amended by this act, or any regulations adopted  
2283 pursuant to said sections 36a-535 to [36a-546] 36a-547, inclusive, as  
2284 amended by this act. The commissioner shall notify the applicant [, in  
2285 writing,] on the system that if such information is not submitted not  
2286 later than sixty days after such request, the application shall be  
2287 deemed abandoned. An application filing fee paid prior to the date an  
2288 application is deemed abandoned pursuant to this section shall not be  
2289 refunded. Abandonment of an application pursuant to this section  
2290 shall not preclude the applicant from submitting a new application for  
2291 a license under sections 36a-535 to [36a-546] 36a-547, inclusive, as  
2292 amended by this act.

2293 Sec. 26. Section 36a-539 of the 2018 supplement to the general  
2294 statutes is repealed and the following is substituted in lieu thereof  
2295 (*Effective October 1, 2018*):

2296 (a) Each [person applying to the commissioner] applicant for a sales  
2297 finance company license shall pay to the system any required fees or  
2298 charges and a license fee of [eight] four hundred dollars. [, provided if  
2299 such application is filed not earlier than one year before the date such  
2300 license will expire, such person shall pay a license fee of four hundred

dollars.] Each such license [issued pursuant to sections 36a-535 to 36a-546, inclusive,] shall expire at the close of business on [September thirtieth of the odd-numbered year following its issuance] December thirty-first of the year in which the license was approved, unless such license is renewed, [provided] except that any such license [that is renewed effective July 1, 2003,] approved on or after November first shall expire [on September 30, 2005. Whenever an application for a license is filed under this section by any person who was a licensee under sections 36a-535 to 36a-546, inclusive, and whose license expired less than sixty days prior to the date such application was filed, such application shall be accompanied by a one-hundred-dollar processing fee in addition to the application fee. Not more than one place of business shall be maintained under the same license, but the commissioner may issue more than one license to the same licensee upon receipt of an application and the payment of the appropriate license fee] at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which such license expires. Each applicant for renewal of a license shall pay to the system any required fees or charges and a renewal fee of four hundred dollars.

(b) [If the commissioner determines that a check filed with the commissioner to pay a fee under subsection (a) of this section has been dishonored, the commissioner shall automatically suspend the license. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation and an opportunity for a hearing on such action in accordance with section 36a-51.] In accordance with section 36a-24b, the commissioner may automatically suspend any license if the licensee has received a deficiency on the system indicating that a required payment was Returned-ACH or returned pursuant to any other term as may be utilized by the system to indicate that payment was not accepted. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of the automatic



2335 suspension pending proceedings for revocation or refusal to renew  
2336 pursuant to section 36a-543, as amended by this act, and an  
2337 opportunity for a hearing on such action in accordance with section  
2338 36a-51, as amended by this act, and (2) require such licensee to take or  
2339 refrain from taking action as the commissioner deems necessary to  
2340 effectuate the purposes of this section.

2341 (c) No abatement of the license fee shall be made if the application is  
2342 denied or withdrawn prior to issuance of the license or if the license is  
2343 surrendered, revoked or suspended prior to the expiration of the  
2344 period for which it was issued. All fees required by this section [and  
2345 section 36a-542] shall be nonrefundable.

2346 (d) No person who is required to be licensed and who is subject to  
2347 the provisions of sections 36a-535 to [36a-546] 36a-547, inclusive, as  
2348 amended by this act, and no control person shall, directly or indirectly:  
2349 (1) Employ any scheme, device or artifice to defraud or mislead any  
2350 person in connection with a retail installment contract or a retail  
2351 installment loan; (2) engage in any unfair or deceptive practice toward  
2352 any person in connection with a retail installment contract or a retail  
2353 installment loan; (3) obtain property by fraud or misrepresentation; (4)  
2354 solicit, advertise or offer rates or other financing terms for a retail  
2355 installment contract or a retail installment loan unless those rates or  
2356 terms are actually available at the time of soliciting, advertising or  
2357 offering such rates or terms; (5) fail to comply with the provisions of  
2358 sections 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act,  
2359 or the rules or regulations adopted under said sections, or fail to  
2360 comply with any other state or federal law, including the rules and  
2361 regulations thereunder; (6) make, in any manner, any false or  
2362 deceptive statement or representation, including with regard to rates  
2363 or other financing terms or conditions or engage in bait and switch  
2364 advertising; (7) negligently make any false statement or knowingly  
2365 and wilfully make any omission of material fact in connection with any  
2366 information or reports filed with a governmental agency or the system,  
2367 or in connection with any investigation conducted by the  
2368 commissioner or another governmental agency; (8) make any payment,

2369 threat or promise to any person for the purposes of influencing the  
2370 independent judgment of the person in connection with the business of  
2371 a sales finance company; (9) fail to truthfully account for moneys  
2372 belonging to a party to a retail installment contract or retail installment  
2373 loan; or (10) fail to establish, enforce and maintain policies and  
2374 procedures for supervising employees, agents and office operations  
2375 that are reasonably designed to achieve compliance with applicable  
2376 laws and regulations concerning sales finance companies.

2377 Sec. 27. Section 36a-540 of the general statutes is repealed and the  
2378 following is substituted in lieu thereof (*Effective October 1, 2018*):

2379 (a) Each license shall specify the location at which the business is to  
2380 be conducted. [Each license shall be maintained at the location for  
2381 which it was issued and shall be available for public inspection.] Such  
2382 license shall not be transferable or assignable. [Any change of location  
2383 of a licensee shall require only prior written notice to the  
2384 commissioner. No licensee shall use any name other than the name  
2385 specified on the license issued by the commissioner.] Any change in  
2386 any control person of the licensee, except a change of a director,  
2387 general partner or executive officer that is not the result of an  
2388 acquisition or change in control of the licensee, shall be the subject of  
2389 an advance change notice filed on the system not later than thirty days  
2390 prior to the effective date of such change and no such change shall  
2391 occur without the commissioner's approval.

2392 (b) No licensee may use any name other than its legal name or a  
2393 fictitious name approved by the commissioner, provided such licensee  
2394 may not use its legal name if the commissioner disapproves use of  
2395 such name. No licensee shall use any name or address other than the  
2396 name and address specified on the license issued by the commissioner.  
2397 A licensee may change the name of the licensee or address of the office  
2398 specified on the most recent filing with the system if at least thirty  
2399 calendar days prior to such change, the licensee files such change with  
2400 the system and the commissioner does not disapprove such change, in  
2401 writing, or request further information from the licensee within such

2402 thirty-day period.

2403 (c) The commissioner may automatically suspend any license for a  
2404 violation of subsection (a) or (b) of this section. After the license has  
2405 been automatically suspended pursuant to this subsection, the  
2406 commissioner shall (1) give the licensee notice of the automatic  
2407 suspension, pending proceedings for revocation of or refusal to renew  
2408 the license pursuant to section 36a-543, as amended by this act, and an  
2409 opportunity for a hearing in accordance with section 36a-51, as  
2410 amended by this act, and (2) require the licensee to take or refrain from  
2411 taking action as the commissioner deems necessary to effectuate the  
2412 purpose of this section.

2413 (d) Not later than fifteen days after the date a licensee ceases to  
2414 engage in this state in the business of a sales finance company for any  
2415 reason, including a business decision to terminate operations in this  
2416 state, license revocation, bankruptcy or voluntary dissolution, such  
2417 licensee shall surrender to the commissioner, [in person or by  
2418 registered or certified mail] in accordance with subsection (c) of section  
2419 36a-51, as amended by this act, its license for each location in which  
2420 such licensee has ceased to engage in such business.

2421 Sec. 28. Section 36a-541 of the general statutes is repealed and the  
2422 following is substituted in lieu thereof (*Effective October 1, 2018*):

2423 (a) If the commissioner finds, upon the filing of an application for a  
2424 license as a sales finance company, that the financial responsibility,  
2425 character, reputation, integrity and general fitness of the applicant,  
2426 [and of the partners thereof if the applicant is a partnership, of the  
2427 members if the applicant is a limited liability company or association,  
2428 and of the officers, directors and principal employees if the applicant is  
2429 a corporation,] the applicant's control persons, qualified individual  
2430 and any branch manager are such as to warrant belief that the business  
2431 will be operated soundly and efficiently, in the public interest and  
2432 consistent with the purposes of sections 36a-535 to [36a-546] 36a-547,  
2433 inclusive, as amended by this act, the commissioner may thereupon

2434 issue the applicant the license. If the commissioner fails to make such  
2435 findings, or if the commissioner finds that the applicant has made any  
2436 material misstatement in the application, the commissioner shall not  
2437 issue a license, and shall notify the applicant of the denial and the  
2438 reasons for such denial. The commissioner may deny an application if  
2439 the commissioner finds that the applicant or [any partner, member,  
2440 officer, director or principal employee of the applicant] the applicant's  
2441 control persons, qualified individual or any branch manager has been  
2442 convicted of any misdemeanor involving any aspect of the sales  
2443 finance business, or any felony. Any denial of an application by the  
2444 commissioner shall, when applicable, be subject to the provisions of  
2445 section 46a-80. [Withdrawal of an application for a license shall  
2446 become effective upon receipt by the commissioner of a notice of intent  
2447 to withdraw such application. The commissioner may deny a license  
2448 up to the date one year after the date the withdrawal became effective.]

2449 (b) The minimum standards for renewal of a sales finance license  
2450 shall include the following: (1) The applicant continues to meet the  
2451 minimum standards under subsection (a) of this section; (2) the  
2452 applicant has paid all required fees for renewal of the license; and (3)  
2453 the applicant has paid all outstanding examination fees or other  
2454 moneys due to the commissioner. If the commissioner finds that  
2455 requirements for license renewal set forth in this subsection are not  
2456 met, the applicant's license shall expire. The commissioner may adopt  
2457 procedures for the reinstatement of expired licenses consistent with the  
2458 standards established by the system.

2459 (c) Each license shall remain in force and effect until the license has  
2460 been surrendered, revoked or suspended or has expired in accordance  
2461 with the provisions of sections 36a-535 to 36a-547, inclusive, as  
2462 amended by this act.

2463 Sec. 29. Section 36a-542 of the general statutes is repealed and the  
2464 following is substituted in lieu thereof (*Effective October 1, 2018*):

2465 [(a) Each person licensed as a sales finance company may renew

2466 such license by filing with the commissioner on or before September  
2467 first of the year in which the license expires or, in the case of a license  
2468 that expires on June 30, 2003, on or before June 1, 2003, a renewal  
2469 application on a form prescribed by the commissioner under oath,  
2470 together with such exhibits and other pertinent information as the  
2471 commissioner may require. The license fee shall be eight hundred  
2472 dollars, provided the license fee for renewal of a license that expires on  
2473 June 30, 2003, shall be nine hundred dollars. Any renewal application  
2474 filed with the commissioner under this section after September first, or  
2475 in the case of a license that expires on June 30, 2003, after June 1, 2003,  
2476 shall be accompanied by a one-hundred-dollar late fee and any such  
2477 filing shall be deemed to be timely and sufficient for purposes of  
2478 subsection (b) of section 4-182.

2479 (b) If the commissioner determines that a check filed with the  
2480 commissioner to pay a fee under subsection (a) of this section for a  
2481 renewal application has been dishonored, the commissioner shall  
2482 automatically suspend the license or a renewal license that has been  
2483 issued but is not yet effective. The commissioner shall give the licensee  
2484 notice of the automatic suspension pending proceedings for revocation  
2485 or refusal to renew and an opportunity for a hearing on such actions in  
2486 accordance with section 36a-51.]

2487 (a) Except as otherwise specified in subsections (a) and (b) of section  
2488 36a-540, as amended by this act, each sales finance company applicant  
2489 or licensee, and each control person, qualified individual or branch  
2490 manager of such applicant or licensee shall file on the system or, if the  
2491 information cannot be filed on the system, notify the commissioner, in  
2492 writing, of any change in the information such applicant, licensee,  
2493 control person, qualified individual or branch manager most recently  
2494 submitted to the system in connection with a sales finance company  
2495 application or license not later than fifteen days from the date such  
2496 applicant, licensee, control person, qualified individual or branch  
2497 manager had reason to know of the change.

2498 (b) A sales finance company licensee shall file on the system or, if

2499 the information cannot be filed on the system, notify the commissioner,  
2500 in writing, of the occurrence of any of the following developments not  
2501 later than fifteen days after the date the licensee had reason to know of  
2502 the occurrence of any such development:

2503 (1) Filing of a bankruptcy petition by the licensee or the  
2504 consummation of a corporate restructuring of the licensee;

2505 (2) Filing of a criminal indictment against the licensee in any way  
2506 related to the sales finance activities of the licensee, or receipt of  
2507 notification of the filing of any criminal felony indictment or felony  
2508 conviction of any control person, branch manager or qualified  
2509 individual of the licensee;

2510 (3) Receiving notification of the initiation of license denial, cease and  
2511 desist, suspension or revocation procedures, or other formal or  
2512 informal action by any governmental agency against the licensee or  
2513 any control person, branch managers or qualified individual of the  
2514 licensee and the reasons therefor;

2515 (4) Receiving notification of the initiation of any action against the  
2516 licensee or any control person, branch manager or qualified individual  
2517 of the licensee by the Attorney General or the attorney general of any  
2518 other state and the reasons therefor; or

2519 (5) Receiving notification of the filing for bankruptcy of any control  
2520 person, branch manager or qualified individual of the licensee.

2521 (c) Any person filing or submitting any information on the system  
2522 shall do so in accordance with the procedures and requirements of the  
2523 system and shall pay the applicable fees or charges to the system. Each  
2524 sales finance company licensee, to the extent required by the system,  
2525 shall timely submit to the system accurate reports of condition that  
2526 shall be in such form and shall contain such information as the system  
2527 may require. Failure by a licensee to submit a timely and accurate  
2528 report of condition shall constitute a violation of this provision.

2529       (d) The unique identifier of any person licensed under section 36a-  
2530 541, as amended by this act, shall be clearly shown on all solicitations  
2531 and advertisements, including business cards and Internet web sites,  
2532 and any other documents as established by rule, regulation or order of  
2533 the commissioner, and shall be clearly stated in all audio solicitations  
2534 and advertisements. The solicitations or advertisements of any person  
2535 licensed under section 36a-541, as amended by this act: (1) Shall not  
2536 include any statement that such person is endorsed in any way by this  
2537 state, except that such solicitations and advertisements may include a  
2538 statement that such person is licensed in this state; (2) shall not include  
2539 any statement or claim that is deceptive, false or misleading; (3) shall  
2540 otherwise conform to the requirements of sections 36a-535 to 36a-547,  
2541 inclusive, as amended by this act, any regulations issued thereunder  
2542 and any other applicable law; and (4) shall be retained for two years  
2543 from the date of use of such solicitation or advertisement.

2544       Sec. 30. Section 36a-543 of the general statutes is repealed and the  
2545 following is substituted in lieu thereof (*Effective October 1, 2018*):

2546       (a) The commissioner may suspend, revoke or refuse to renew any  
2547 sales finance company license or take any other action, in accordance  
2548 with section 36a-51, as amended by this act, if any fact or condition  
2549 exists which, if it had existed at the time of the original application for  
2550 such license, would have warranted the commissioner's denial of such  
2551 license or if the commissioner finds that [: (1) The] the licensee [,  
2552 knowingly] or any control person of the licensee, qualified individual  
2553 or branch manager with supervisory authority, trustee, employee or  
2554 agent of such licensee has done any of the following: (1) Knowingly or  
2555 without the exercise of due care to prevent such violation, has violated  
2556 any provision of [sections 36a-535 to 36a-546, inclusive, or of any other  
2557 law regulating] this title, or of any regulation or order adopted or  
2558 issued pursuant thereto pertaining to such person, or any other law or  
2559 regulation applicable to the conduct of such licensee's installment sales  
2560 financing [, or has] business; (2) failed to comply with any demand or  
2561 requirement [,] made by the commissioner under and within the  
2562 commissioner's authority; [of sections 36a-535 to 36a-546, inclusive; or

2563 (2) there has been] (3) made any material misstatement [or failure to  
2564 give a true reply to a question] in the application [for] or in any filing  
2565 made in connection with the license; [or (3) the licensee has] (4)  
2566 defrauded any retail buyer to the buyer's damage; or (5) wilfully failed  
2567 to perform any written agreement with any retail buyer. [; or (4) any  
2568 fact or condition exists which, if it had existed at the time of the  
2569 original application for such license, would have warranted the  
2570 commissioner's denial of such license originally; or (5) in the case of a  
2571 licensee other than a natural person, (A) any officer, director, trustee,  
2572 member or partner of such licensee has been guilty of any act or  
2573 omission which would be cause for revoking or suspending a license  
2574 of such party as an individual; or (B) any other agent or employee of  
2575 such licensee has been guilty of such act or omission and the licensee  
2576 has approved or had knowledge thereof and, after such approval or  
2577 knowledge, has retained the benefit, proceeds, profit or advantage of  
2578 such act or omission or otherwise ratified it.]

2579 (b) The commissioner in the commissioner's discretion may revoke  
2580 or suspend only the particular license with respect to which grounds  
2581 for revocation or suspension are of general application to all locations,  
2582 or if to more than one location, operated by such licensee, the  
2583 commissioner shall revoke or suspend all of the licenses issued to such  
2584 licensee or those licenses to which the grounds for revocation or  
2585 suspension apply, as the case may be.

2586 (c) No suspension, revocation or surrender of any license shall  
2587 impair or affect the obligation of any installment contract, obligation or  
2588 credit agreement lawfully acquired previously thereto by the licensee.

2589 (d) Whenever it appears to the commissioner that (1) any person has  
2590 violated, is violating or is about to violate any provision of sections  
2591 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act, within  
2592 the jurisdiction of the commissioner or any regulation adopted under  
2593 said sections, [or that any] (2) any person is, was or would be a cause  
2594 of the violation of any such provision or regulation due to an act or  
2595 omission such person knew or should have known would contribute



2596 to such violation; or (3) any licensee has defrauded any retail buyer to  
2597 the buyer's damage or wilfully failed to perform any written  
2598 agreement with any retail buyer, the commissioner may take action  
2599 against such person or such licensee in accordance with sections 36a-50  
2600 and 36a-52.

2601 (e) The commissioner, in accordance with section 5 of this act, may  
2602 order a licensee to remove any individual conducting business under  
2603 sections 36a-535 to 36a-547, inclusive, as amended by this act, from  
2604 office and from employment or retention as an independent contractor  
2605 in the sales finance business in this state.

2606 (f) The commissioner may issue a temporary order to cease business  
2607 under a license if the commissioner determines that such license was  
2608 issued erroneously. Such temporary order shall be issued in  
2609 accordance with subsection (j) of section 36a-24b.

2610 Sec. 31. Subdivision (4) of subsection (a) of section 36a-557 of the  
2611 general statutes is repealed and the following is substituted in lieu  
2612 thereof (*Effective October 1, 2018*):

2613 (4) A person who is a passive buyer of a small loan. For purposes of  
2614 this subdivision, "passive buyer" means a person who: (A) Has  
2615 acquired a small loan for investment purposes from a person who is  
2616 either licensed or exempt from licensure under subdivisions (1) to (3),  
2617 inclusive, of [this] subsection (b) of this section; (B) will receive the  
2618 principal and interest and any other moneys due under the small loan  
2619 through a person who is either licensed or exempt from licensure  
2620 under subdivisions (1) to (3), inclusive, of [this] subsection (b) of this  
2621 section; and (C) has had and will have no communications of any kind  
2622 with the Connecticut borrower regarding the small loan it has  
2623 acquired;

2624 Sec. 32. Subsection (c) of section 36a-557 of the general statutes is  
2625 repealed and the following is substituted in lieu thereof (*Effective*  
2626 *October 1, 2018*):

2627 (c) Loans made by an exempt person described in subsection (b) of  
2628 this section shall be exempt from the provisions of sections 36a-555 to  
2629 36a-573, inclusive, as amended by this act, including, without  
2630 limitation, the provisions applicable to licensed persons, even if: (1)  
2631 The exempt person utilizes the services of a person exempt from  
2632 licensing or required to be licensed pursuant to section 36a-556 in  
2633 connection with the small loans that are made or offered to be made by  
2634 the exempt person described in subsection (b) of this section; and (2) a  
2635 person exempt from licensing or required to be licensed pursuant to  
2636 section 36a-556 engages in activities intended to assist a prospective  
2637 Connecticut borrower or a Connecticut borrower in obtaining a small  
2638 loan that is made or offered to be made by an exempt person described  
2639 in subsection (b) of this section. Nothing in this subsection shall be  
2640 construed as exempting persons required to be licensed pursuant to  
2641 section 36a-556 from the requirements to obtain and maintain a license  
2642 or from the provisions of sections 36a-562 to 36a-573, inclusive, as  
2643 amended by this act. Notwithstanding the foregoing, no person  
2644 licensed or required to be licensed under section 36a-556 shall engage  
2645 in any of the activities described in subsection (a) of section 36a-556 for  
2646 any small loan that has a disclosed APR in excess of thirty-six per cent  
2647 if that small loan contains any condition or provision inconsistent with  
2648 the requirements of subsections (d) to (g), inclusive, of section 36a-558,  
2649 as amended by this act.

2650 Sec. 33. Subdivision (3) of section 36a-560 of the general statutes is  
2651 repealed and the following is substituted in lieu thereof (*Effective*  
2652 *October 1, 2018*):

2653 (3) Take any (A) confession of judgment, (B) power of attorney, (C)  
2654 note or promise to pay that does not state the actual amount of the  
2655 loan, the time period for which the loan is made [of] and the charges  
2656 for such loan, or (D) instrument related to the loan in which blanks are  
2657 left to be filled after the loan is made;

2658 Sec. 34. Section 36a-562 of the general statutes is repealed and the  
2659 following is substituted in lieu thereof (*Effective October 1, 2018*):

2660 In each case where a license is required by section 36a-556, the  
2661 licensee shall have a main office license and may have a branch office  
2662 license. All offices shall be located in the United States. Each main  
2663 office shall have a qualified individual, who shall be responsible for  
2664 the actions of the licensee and for supervising all aspects of the  
2665 licensee's small loan business. Each branch shall have a branch  
2666 manager, who shall be responsible for the actions of the licensee and  
2667 for supervising all aspects of the branch's small loan business.

2668 Sec. 35. Section 36a-564 of the general statutes is repealed and the  
2669 following is substituted in lieu thereof (*Effective October 1, 2018*):

2670 (a) Each applicant for a small loan license shall pay to the system  
2671 any required fees or charges and a license fee of four hundred dollars.  
2672 Each such license shall expire at the close of business on December  
2673 thirty-first of the year in which the license was approved, unless such  
2674 license is renewed, and provided any such license that is approved on  
2675 or after November first shall expire at the close of business on  
2676 December thirty-first of the year following the year in which it is  
2677 approved. An application for renewal of a license shall be filed  
2678 between November first and December thirty-first of the year in which  
2679 the license expires. Each applicant for renewal of a small loan license  
2680 shall pay to the system any required fees or charges and a renewal fee  
2681 of four hundred dollars.

2682 (b) In accordance with section [36a-27b] 36a-24b, the commissioner  
2683 [shall] may automatically suspend any license if such person receives a  
2684 deficiency on the system indicating that a required payment was  
2685 Returned-ACH or returned pursuant to any other term as may be  
2686 utilized by the system to indicate that payment was not accepted. After  
2687 the license has been automatically suspended pursuant to this  
2688 subsection, the commissioner shall (1) give [such] the licensee notice of  
2689 the automatic suspension pending proceedings for revocation or  
2690 refusal to renew pursuant to section 36a-570, as amended by this act,  
2691 and an opportunity for a hearing on such action in accordance with  
2692 section 36a-51, as amended by this act, and (2) require such licensee to

2693 take or refrain from taking such action [that, in the opinion of the  
2694 commissioner, will] as the commissioner deems necessary to effectuate  
2695 the purposes of this section.

2696 (c) No abatement of the license fee shall be made if an application is  
2697 denied or withdrawn prior to the issuance of the license or if the  
2698 license is surrendered, revoked or suspended prior to the expiration of  
2699 the period for which the license was issued. All fees required by this  
2700 section shall be nonrefundable.

2701 Sec. 36. Subsections (e) and (f) of section 36a-565 of the general  
2702 statutes are repealed and the following is substituted in lieu thereof  
2703 (*Effective October 1, 2018*):

2704 (e) The minimum standards for renewal of a small loan license shall  
2705 include the following: (1) The applicant continues to meet the  
2706 minimum standards under [subsection (a)] subsections (a) to (d),  
2707 inclusive, of this section; (2) the applicant has paid all required fees for  
2708 renewal of the license; and (3) the applicant has paid any outstanding  
2709 examination fees or other moneys due to the commissioner. The  
2710 license of a small loan lender failing to satisfy the minimum standards  
2711 for license renewal shall expire. The commissioner may adopt  
2712 procedures for the reinstatement of expired licenses consistent with the  
2713 standards established by the system.

2714 (f) [(1) Withdrawal of an application for a license shall become  
2715 effective upon the commissioner's acceptance on the system of a  
2716 withdrawal request. The commissioner may deny a license up to the  
2717 date one year after the date the withdrawal became effective.]  
2718 Surrender of a license shall be governed by subsection (c) of section  
2719 36a-51, as amended by this act. Not later than fifteen days after the  
2720 date a licensee ceases to engage in this state in the business of a small  
2721 loan lender for any reason, including a business decision to terminate  
2722 operations in this state, license revocation, bankruptcy or voluntary  
2723 dissolution, such licensee shall request surrender of the license on the  
2724 system for each location in which such licensee has ceased to engage in

2725 such business.

2726 [(2) If the license expires due to the licensee's failure to renew, the  
2727 commissioner may institute a revocation or suspension proceeding or  
2728 issue an order suspending or revoking such license pursuant to section  
2729 36a-570 not later than one year after the date of such expiration.]

2730 Sec. 37. Section 36a-566 of the general statutes is repealed and the  
2731 following is substituted in lieu thereof (*Effective October 1, 2018*):

2732 (a) No license issued under section 36a-556 shall be assignable or  
2733 transferable. Any [proposed] change in [the] any control [persons]  
2734 person of the licensee, except a change of a director, general partner or  
2735 executive officer that is not the result of an acquisition or change of  
2736 control of the licensee, shall be the subject of an advance change notice  
2737 filed on the system at least thirty days prior to the effective date of  
2738 such change and [any] no such change [to the control persons] shall  
2739 [not] occur without the commissioner's approval.

2740 (b) No licensee may use any name other than its legal name or a  
2741 fictitious name approved by the commissioner, provided such licensee  
2742 may not use its legal name if the commissioner disapproves of such  
2743 name. No licensee shall engage in any activity requiring a small loan  
2744 license under any other name or at any other place of business than  
2745 that named in the license. Any proposed change in a licensee's name or  
2746 to the licensee's place of business shall be the subject of an advance  
2747 change notice filed on the system at least thirty days prior to the  
2748 effective date of such change and [any] no such change to the licensee's  
2749 name or place of business shall [not] be made without the  
2750 commissioner's approval of such change.

2751 (c) The commissioner may automatically suspend any license for a  
2752 violation of this section or upon a failure of the licensee to designate a  
2753 qualified individual or branch manager who meets the requirements  
2754 set forth in section 36a-562, as amended by this act, not later than  
2755 thirty-days after such position becomes vacant. After a license has been  
2756 automatically suspended pursuant to this subsection, the

2757 commissioner shall (1) give the licensee notice of the automatic  
2758 suspension, pending proceedings for revocation of or refusal to renew  
2759 the license pursuant to section 36a-570, as amended by this act, and an  
2760 opportunity for a hearing in accordance with section 36a-51, as  
2761 amended by this act, and (2) require the licensee to take or refrain from  
2762 taking action as the commissioner deems necessary to effectuate the  
2763 purpose of this section.

2764       Sec. 38. Section 36a-567 of the general statutes is repealed and the  
2765 following is substituted in lieu thereof (*Effective October 1, 2018*):

2766       (a) [A] Except as otherwise specified in section 36a-566, as amended  
2767 by this act, each small loan license applicant or licensee, and each  
2768 control person, qualified individual and branch manager of the  
2769 applicant or licensee shall file any change in the information most  
2770 recently submitted to the system by such licensee, control person,  
2771 qualified individual or branch manager in connection with the  
2772 application or license, [with the system] or, if the information cannot  
2773 be filed on the system, [directly] notify the commissioner, in writing, of  
2774 such change in the information not later than fifteen days after the date  
2775 the applicant, licensee, control person, qualified individual or branch  
2776 manager has reason to know of such change.

2777       (b) A licensee shall file with the system or, if the information cannot  
2778 be filed on the system, [directly] notify the commissioner, in writing, of  
2779 the occurrence of any of the following developments not later than  
2780 fifteen days after the licensee had reason to know of the occurrence: (1)  
2781 Filing for bankruptcy or the consummation of a corporate  
2782 restructuring of the licensee; (2) filing of a criminal indictment against  
2783 the licensee in any way related to the activities of the licensee or  
2784 receiving notification of the filing of any criminal felony indictment or  
2785 felony conviction of any of the licensee's control persons or qualified  
2786 individual or branch manager; (3) receiving notification of the  
2787 institution of a license denial, cease and desist, suspension or  
2788 revocation procedures, or other formal or informal action by any  
2789 governmental agency against the licensee or any control person,

2790 branch manager or qualified individual of the licensee and the reasons  
2791 therefor; (4) receiving notification of the initiation of any action against  
2792 the licensee or any control person, branch manager or qualified  
2793 individual of the licensee by the Attorney General or the attorney  
2794 general of any other state and the reasons therefor; (5) receiving  
2795 notification of a material adverse action against the licensee or any  
2796 control person, branch manager or qualified individual of the licensee  
2797 with respect to any existing line of credit or warehouse credit  
2798 agreement; (6) receiving notification of any of the licensee's control  
2799 persons or qualified individual or branch manager filing or having  
2800 filed for bankruptcy; or (7) a decrease in the available funds required  
2801 by section 36a-565, as amended by this act.

2802 Sec. 39. Subsection (b) of section 36a-568 of the general statutes is  
2803 repealed and the following is substituted in lieu thereof (*Effective*  
2804 *October 1, 2018*):

2805 (b) The advertising of a licensee: (1) Shall not include any statement  
2806 that [it] such licensee is endorsed in any way by this state, except it  
2807 may include a statement that [it] such licensee is licensed in this state;  
2808 (2) shall not include any statement or claim which is deceptive, false or  
2809 misleading; (3) shall be retained for [one year] two years from the date  
2810 of its use; and (4) shall otherwise conform to the requirements of  
2811 sections 36a-555 to 36a-573, inclusive, as amended by this act, and any  
2812 regulations issued thereunder.

2813 Sec. 40. Section 36a-570 of the general statutes is repealed and the  
2814 following is substituted in lieu thereof (*Effective October 1, 2018*):

2815 (a) The commissioner may suspend, revoke or refuse to renew any  
2816 license issued under sections 36a-555 to 36a-573, inclusive, as amended  
2817 by this act, or take any other action, in accordance with the provisions  
2818 of section 36a-51, as amended by this act, for any reason that would be  
2819 sufficient grounds for the commissioner to deny an application for  
2820 such license under sections 36a-555 to 36a-573, inclusive, as amended  
2821 by this act, or if the commissioner finds that the licensee or any control

2822 person of the licensee, qualified individual or branch manager with  
2823 supervisory authority, trustee, employee or agent of such licensee has  
2824 done any of the following: (1) Made any material misstatement in the  
2825 application; (2) committed any fraud, misappropriated funds or  
2826 misrepresented, concealed, suppressed, intentionally omitted or  
2827 otherwise intentionally failed to disclose any of the material particulars  
2828 of any small loan transaction to anyone entitled to such information,  
2829 including, but not limited to, any disclosures required by part III of  
2830 chapter 669 or regulations adopted pursuant thereto; (3) violated any  
2831 of the provisions of this title [, any regulations] or any regulation or  
2832 order adopted or issued pursuant thereto pertaining to any such  
2833 person, or any other law or regulation applicable to the conduct of [its]  
2834 such licensee's small loan business; or (4) failed to perform any  
2835 agreement with a licensee or a borrower.

2836 (b) Whenever it appears to the commissioner that (1) any person has  
2837 violated, is violating or is about to violate any of the provisions of  
2838 sections 36a-555 to 36a-573, inclusive, as amended by this act, or any  
2839 regulation adopted pursuant thereto, (2) any person is, was or would  
2840 be a cause of the violation of any such provision or regulation due to  
2841 an act or omission such person knew or should have known would  
2842 contribute to such violation, or (3) any licensee has failed to perform  
2843 any agreement with a borrower, committed any fraud,  
2844 misappropriated funds or misrepresented, concealed, suppressed,  
2845 intentionally omitted or otherwise intentionally failed to disclose any  
2846 of the material particulars of any small loan transaction to anyone  
2847 entitled to such information, including disclosures required by part III  
2848 of chapter 669 or regulations adopted pursuant thereto, the  
2849 commissioner may take action against such person or licensee in  
2850 accordance with sections 36a-50 and 36a-52.

2851 (c) [(1)] The commissioner may order a licensee to remove any  
2852 individual conducting business under sections 36a-555 to 36a-573,  
2853 inclusive, as amended by this act, from office and from employment or  
2854 retention as an independent contractor in the small loan business in  
2855 this state [whenever the commissioner finds as the result of an



2856 investigation that such individual: (A) Has violated any of said  
2857 sections or any regulations adopted pursuant thereto or any order  
2858 issued thereunder, or (B) for any reason that would be sufficient  
2859 grounds for the commissioner to deny a license under section 36a-565,  
2860 by sending a notice to such individual by registered or certified mail,  
2861 return receipt requested or by any express delivery carrier that  
2862 provides a dated delivery receipt. The notice shall be deemed received  
2863 by such individual on the earlier of the date of actual receipt or seven  
2864 days after mailing or sending. Any such notice shall include: (i) A  
2865 statement of the time, place and nature of the hearing; (ii) a statement  
2866 of the legal authority and jurisdiction under which the hearing is to be  
2867 held; (iii) a reference to the particular sections of the general statutes,  
2868 regulations or orders alleged to have been violated; (iv) a short and  
2869 plain statement of the matters asserted; and (v) a statement indicating  
2870 that such individual may file a written request for a hearing on the  
2871 matters asserted not later than fourteen days after receipt of the notice.  
2872 If the commissioner finds that the protection of borrowers requires  
2873 immediate action, the commissioner may suspend any such individual  
2874 from office and require such individual to take or refrain from taking  
2875 such action as, in the opinion of the commissioner, will effectuate the  
2876 purposes of this subsection, by incorporating a finding to that effect in  
2877 such notice. The suspension or prohibition shall become effective upon  
2878 receipt of such notice and, unless stayed by a court, shall remain in  
2879 effect until the entry of a permanent order or the dismissal of the  
2880 matters asserted] in accordance with section 5 of this act.

2881 [(2) If a hearing is requested within the time specified in the notice,  
2882 the commissioner shall hold a hearing upon the matters asserted in the  
2883 notice unless such individual fails to appear at the hearing. After the  
2884 hearing, if the commissioner finds that any of the grounds set forth in  
2885 subparagraph (A) or (B) of subdivision (1) of this subsection exist with  
2886 respect to such individual, the commissioner may order a licensee to  
2887 remove such individual from office and from any employment in the  
2888 small loan business in this state. If such individual fails to appear at the  
2889 hearing, the commissioner may order the removal of such individual

2890 from office and from employment in the small loan business in this  
2891 state.]

2892 (d) The commissioner may issue a temporary order to cease  
2893 business under a license if the commissioner determines that such  
2894 license was issued erroneously. [The commissioner shall give the  
2895 licensee an opportunity for a hearing on such action in accordance  
2896 with section 36a-52. Such temporary order shall become effective upon  
2897 receipt by the licensee and, unless set aside or modified by a court,  
2898 shall remain in effect until the effective date of a permanent order or  
2899 dismissal of the matters asserted in the notice.] Such temporary order  
2900 shall be issued in accordance with subsection (j) of section 36a-24b.

2901 Sec. 41. Section 36a-573 of the general statutes is repealed and the  
2902 following is substituted in lieu thereof (*Effective October 1, 2018*):

2903 The commissioner may adopt such regulations, in accordance with  
2904 chapter 54, as the commissioner deems necessary to administer and  
2905 enforce the provisions of this section and sections 36a-555 to [36a-572]  
2906 36a-570, inclusive, as amended by this act.

2907 Sec. 42. Section 36a-580 of the 2018 supplement to the general  
2908 statutes is repealed and the following is substituted in lieu thereof  
2909 (*Effective October 1, 2018*):

2910 (a) For purposes of this chapter:

2911 (1) "Advertise" or "advertising" has the same meaning as provided  
2912 in section 36a-485, as amended by this act.

2913 (2) "Branch office" means a location other than the main office at  
2914 which a licensee or any person on behalf of a licensee engages in the  
2915 business of cashing checks, drafts or money orders for consideration.

2916 ~~[(2)]~~ (3) "Control person" has the same meaning as provided in  
2917 section 36a-485, as amended by this act.

2918 ~~[(3)]~~ (4) "General facility" means a facility at a fixed location where a

licensee may engage in the business of cashing checks, drafts or money orders and which is open to the general public for at least six hours per day four days per week.

[(4)] (5) "Limited facility" means a mobile facility, where on no more than two days per week, on property occupied by an employer, a licensed operator of a general facility may, under written contract with such employer, engage in the business of cashing payroll checks for the employees of the employer.

(6) "Main office" has the same meaning as provided in section 36a-485, as amended by this act.

(7) "Unique identifier" has the same meaning as provided in section 36a-485, as amended by this act.

(b) The provisions of this section and sections 36a-581 to 36a-589, inclusive, as amended by this act, shall not apply to: (1) Checks, drafts or money orders cashed without consideration or charge; (2) checks, drafts or money orders cashed as an incident to the conduct of any other lawful business where not more than fifty cents is charged for cashing such check, draft or money order; or (3) any institution subject to and under the general supervision of any agency of the United States or any Connecticut bank or Connecticut credit union.

Sec. 43. Section 36a-581 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2018):

(a) Except as provided for in section 36a-580, as amended by this act, no person shall engage in the business of cashing checks, drafts or money orders for consideration without obtaining a general facility license [to operate a general facility or a license to operate a limited facility] for its main office and a general or limited facility license for each branch office location where such business is to be conducted. Any activity subject to licensure pursuant to sections 36a-580 to 36a-589, inclusive, as amended by this act, shall be conducted from an

2950 office located in the state, as defined in section 36a-2.

2951 (b) Each licensee of a limited facility shall continuously maintain at  
2952 least one operating general facility. A licensee of a limited facility shall  
2953 not pay any compensation or consideration to any employer.

2954 (c) An application for a check cashing license or renewal of such  
2955 license shall be [in writing, under oath and on a] made and processed  
2956 on the system pursuant to section 36a-24b, in the form provided by the  
2957 commissioner. Each such form shall contain content as set forth by  
2958 instruction or procedure of the commissioner and may be changed or  
2959 updated as necessary by the commissioner in order to carry out the  
2960 purposes of sections 36a-580 to 36a-589, inclusive, as amended by this  
2961 act. The [application] applicant shall, [set forth: (1) The name and  
2962 address of the applicant; (2) if the applicant is a firm or partnership,  
2963 the names and addresses of each member of the firm or partnership;  
2964 (3) if the applicant is a corporation, the names and addresses of each  
2965 officer, director, authorized agent and each shareholder owning ten  
2966 per cent or more of the outstanding stock of such corporation; (4) if the  
2967 applicant is a limited liability company, the names and addresses of  
2968 each member and authorized agent of such limited liability company;  
2969 (5) (A) the history of criminal convictions of the applicant; the  
2970 members, if the applicant is a firm or partnership; the officers,  
2971 directors, authorized agent and each shareholder owning ten per cent  
2972 or more of the outstanding stock of the applicant, if the applicant is a  
2973 corporation, and (B) sufficient information pertaining to the history of  
2974 criminal convictions in a form acceptable to the commissioner on such  
2975 applicant, members, officers, directors, authorized agent and  
2976 shareholders as the commissioner deems necessary to make the  
2977 findings under subsection (e) of this section; (6) each location where  
2978 the check cashing business is to be conducted and the type of facility  
2979 that will be operated at that location; (7) the business plan, which shall  
2980 include the proposed days and hours of operation; (8) the amount of  
2981 liquid assets available for each location which shall not be less than the  
2982 amount specified in subdivision (7) of subsection (e) of this section; (9)  
2983 for each limited facility, a copy of the executed contract evidencing the

2984 proposed arrangement between the applicant and the employer; and  
2985 (10) any other information the commissioner may require. The  
2986 commissioner, in accordance with section 29-17a, may conduct a state  
2987 and national criminal history records check of the applicant and of  
2988 each member, officer, director, authorized agent and shareholder  
2989 owning ten per cent or more of the outstanding stock of the applicant]  
2990 at minimum, furnish to the system information concerning the identity  
2991 of the applicant, any control person of the applicant, the qualified  
2992 individual and any branch manager responsible for the actions of the  
2993 licensee, including, but not limited to, information related to such  
2994 person's personal history and experience, and any administrative, civil  
2995 or criminal findings by any governmental jurisdiction relating to such  
2996 person. Each application for an initial license shall also include: (1)  
2997 Each location where the check cashing business is to be conducted and  
2998 the type of facility that will be operated at that location; (2) the  
2999 business plan of each location, which shall include the proposed days  
3000 and hours of operation; (3) the amount of liquid assets available for  
3001 each location, which shall not be less than the amount specified in  
3002 subdivision (4) of subsection (e) of this section; (4) for each limited  
3003 facility, a copy of the executed contract evidencing the proposed  
3004 arrangement between the applicant and the employer; and (5) any  
3005 other information that the commissioner may require. As part of an  
3006 application, the commissioner may (A) in accordance with section 29-  
3007 17a, conduct a state or national criminal history records check of the  
3008 applicant, any control person of the applicant, the qualified individual  
3009 and any branch manager, and (B) in accordance with section 36a-24b,  
3010 (i) require the submission of fingerprints of the applicant, any control  
3011 person of the applicant, the qualified individual and any branch  
3012 manager to the Federal Bureau of Investigation or other state, national  
3013 or international criminal databases, and (ii) investigate the financial  
3014 condition of each such person and require authorization of each such  
3015 person for the system and the commissioner to obtain an independent  
3016 credit report from a consumer reporting agency, as described in  
3017 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as  
3018 amended from time to time.

3019 (d) [A licensee shall not change the name or the location specified  
3020 on its license unless, prior to such change in name or location, the  
3021 licensee files an application with the commissioner accompanied by  
3022 the applicable name change fee or location transfer fee specified in  
3023 section 36a-582 and receives the approval of the commissioner. A  
3024 licensee of a limited facility shall not change its approved days and  
3025 hours of operation unless, prior to any such change, the licensee files  
3026 an application with and receives the approval of the commissioner. No  
3027 licensee shall use any name other than the name specified on the  
3028 license issued by the commissioner.] (1) No licensee may use any name  
3029 other than its legal name or a fictitious name approved by the  
3030 commissioner, provided such licensee may not use its legal name if the  
3031 commissioner disapproves use of such name. No licensee shall use any  
3032 name and address other than the name and address specified on the  
3033 license issued by the commissioner. A licensee may change the name  
3034 of the licensee or address of the office specified on the most recent  
3035 filing with the system if, at least thirty calendar days prior to such  
3036 change, the licensee files such change with the system and the  
3037 commissioner does not disapprove such change, in writing, or request  
3038 further information from the licensee within such thirty-day period.

3039 (2) A licensee of a limited facility shall not change its approved days  
3040 and hours of operation, unless the licensee files an amendment on the  
3041 system at least thirty days prior to the effective date of such change  
3042 and receives the approval of the commissioner.

3043 (e) Upon the filing of the required application, [and] the applicable  
3044 license fee and [location fees] any other required fees or charges, the  
3045 commissioner shall investigate the facts and may issue a license if the  
3046 commissioner finds that (1) the applicant [is] and the applicant's  
3047 control persons, qualified individual and any branch managers are in  
3048 all respects properly qualified and of good character, including, but  
3049 not limited to, financial character, (2) [if the applicant is a firm or  
3050 partnership, each member of the firm or partnership is in all respects  
3051 properly qualified and of good character, (3) if the applicant is a  
3052 corporation, each officer, director, authorized agent and each

3053 shareholder owning ten per cent or more of the outstanding stock of  
3054 such corporation is in all respects properly qualified and of good  
3055 character, (4) if the applicant is a limited liability company, each  
3056 member and authorized agent is in all respects properly qualified and  
3057 of good character, (5)] granting such license would not be against the  
3058 public interest, [(6)] (3) the applicant has a feasible plan for conducting  
3059 business, [(7)] (4) the applicant has available and shall continuously  
3060 maintain liquid assets of at least ten thousand dollars for each general  
3061 facility location and at least two thousand five hundred dollars for  
3062 each limited facility location specified in the application, and [(8)] (5)  
3063 the name of the applicant is not likely to cause a consumer to  
3064 reasonably believe that such applicant is in any way endorsed by or  
3065 affiliated with this state. If the commissioner fails to make such  
3066 findings or if the commissioner finds that the applicant has made any  
3067 material misstatement in the application, the commissioner shall not  
3068 issue a license and shall notify the applicant of the denial and the  
3069 reasons for such denial. The commissioner may deny an application if  
3070 the commissioner finds that the applicant [or any member, officer,  
3071 director or authorized agent or shareholder owning ten per cent or  
3072 more of the outstanding stock of the applicant] or any control person,  
3073 qualified individual or branch manager of the applicant has been  
3074 convicted of any misdemeanor involving any aspect of the check  
3075 cashing services business, or any felony. Any denial of an application  
3076 by the commissioner shall, when applicable, be subject to the  
3077 provisions of section 46a-80.

3078 (f) [An applicant or licensee shall promptly notify the commissioner,  
3079 in writing, of any change in the information provided in its initial or  
3080 renewal application for licensure or most recent renewal of such  
3081 license.] Except as otherwise specified in subdivision (1) of subsection  
3082 (a) of section 36a-583, as amended by this act, and subdivision (1) of  
3083 subsection (d) of this section, each check cashing applicant or licensee  
3084 and each individual designated as a control person, qualified  
3085 individual or branch manager of such applicant or licensee shall file on  
3086 the system any change in the information such licensee, applicant,

3087 control person, qualified individual or branch manager most recently  
3088 submitted to the system in connection with the application or license,  
3089 or, if the information cannot be filed on the system, notify the  
3090 commissioner, in writing, not later than fifteen days after the date such  
3091 applicant, licensee, control person, qualified individual or branch  
3092 manager had reason to know of the change. A check cashing licensee  
3093 shall file with the system or, if the information cannot be filed on the  
3094 system, notify the commissioner, in writing, of the occurrence of any of  
3095 the following developments not later than fifteen days after the date  
3096 the licensee had reason to know of the development:

3097 (1) Filing for bankruptcy or the consummation of a corporate  
3098 restructuring of the licensee;

3099 (2) Filing of a criminal indictment against the licensee in any way  
3100 related to the check cashing activities of the licensee, or receiving  
3101 notification of the filing of any criminal felony indictment or felony  
3102 conviction of any control person, branch manager or qualified  
3103 individual of the licensee;

3104 (3) Receiving notification of the institution of license denial, cease  
3105 and desist, suspension or revocation procedures, or other formal or  
3106 informal action by any governmental agency against the licensee or  
3107 any control person, branch manager or qualified individual of the  
3108 licensee and the reasons therefor;

3109 (4) Receiving notification of the initiation of any action against the  
3110 licensee or any control person, branch manager or qualified individual  
3111 of the licensee by the Attorney General or the attorney general of any  
3112 other state and the reasons therefor;

3113 (5) Receiving notification of filing for bankruptcy of any control  
3114 person, branch manager or qualified individual of the licensee; or

3115 (6) Any decrease in the amount of liquid assets available for each  
3116 location below the minimum amount required pursuant to subdivision  
3117 (4) of subsection (e) of this section.



3118 (g) The commissioner may deem an application for a license for a  
3119 general facility or limited facility abandoned if the applicant fails to  
3120 respond to any request for information required under sections 36a-  
3121 580 to 36a-589, inclusive, as amended by this act, or any regulations  
3122 adopted pursuant to said sections 36a-580 to 36a-589, inclusive, as  
3123 amended by this act. The commissioner shall notify the applicant [, in  
3124 writing,] on the system that if such information is not submitted not  
3125 later than sixty days after such request, the application shall be  
3126 deemed abandoned. An application filing fee paid prior to the date an  
3127 application is deemed abandoned pursuant to this subsection shall not  
3128 be refunded. Abandonment of an application pursuant to this  
3129 subsection shall not preclude the applicant from submitting a new  
3130 application for a license under sections [36a-560] 36a-580 to 36a-589,  
3131 inclusive, as amended by this act.

3132 (h) The minimum standards for renewal of a check cashing license  
3133 shall include the following: (1) The applicant continues to meet the  
3134 minimum standards under subsection (c) of this section; (2) the  
3135 applicant has paid all required fees for renewal of the license; and (3)  
3136 the applicant has paid any outstanding examination fees or other  
3137 moneys due to the commissioner. The license of a check cashing  
3138 licensee failing to satisfy the minimum standards for license renewal  
3139 shall expire. The commissioner may adopt procedures for the  
3140 reinstatement of expired licenses consistent with the standards  
3141 established by the system. Each license shall remain in force and effect  
3142 until the license has been surrendered, revoked or suspended or has  
3143 expired in accordance with the provisions of sections 36a-580 to 36a-  
3144 589, inclusive, as amended by this act.

3145 Sec. 44. Section 36a-582 of the general statutes is repealed and the  
3146 following is substituted in lieu thereof (*Effective October 1, 2018*):

3147 (a) Each applicant for a check cashing license shall pay to the  
3148 [commissioner] system any required fees or charges and a  
3149 nonrefundable initial license fee of [two] one thousand one hundred  
3150 dollars, [and a nonrefundable location fee of two hundred dollars for

each location, except that if such application is filed not earlier than one year before the date such license will expire, the applicant shall pay to the commissioner a nonrefundable initial license fee of one thousand dollars and a nonrefundable location fee of one hundred dollars for each location. Each licensee shall pay to the commissioner a nonrefundable (1) name change fee of one hundred dollars for each application to change a name, and (2) location transfer fee of one hundred dollars for each application to transfer a location.] Each license issued pursuant to section 36a-581, as amended by this act, shall expire at the close of business on [September thirtieth of the odd-numbered year following its issuance unless such license is renewed, provided any license that is renewed effective July 1, 2007, shall expire on September 30, 2009, unless renewed. Each licensee shall, on or before September first of the year in which the license expires, pay to the commissioner a renewal license fee of one thousand five hundred dollars and a renewal location fee for each location of one hundred dollars for the succeeding two years, commencing October first. In the case of a license that expires on June 30, 2007, each licensee shall, on or before June 1, 2007, pay to the commissioner a renewal license fee of one thousand six hundred eighty-eight dollars and a renewal location fee of one hundred thirteen dollars. Any renewal application filed with the commissioner after September first, or in the case of a license that expires on June 30, 2007, after June 1, 2007, shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182. Each licensee shall file with the commissioner, not later than September first of each even-numbered year, the information required by subdivision (8) of subsection (c) of section 36a-581.] December thirty-first of the year in which the license is approved, unless such license is renewed, except that any such license approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which such license expires. Each applicant for the renewal of such license shall pay to the

3186 system any required fees or charges and a nonrefundable renewal fee  
3187 of eight hundred dollars.

3188 (b) [If the commissioner determines that a check filed with the  
3189 commissioner to pay a license or location fee has been dishonored, the  
3190 commissioner shall automatically suspend the license or approval or a  
3191 renewal license that has been issued but is not yet effective. The  
3192 commissioner shall give the licensee notice of the automatic  
3193 suspension pending proceedings for revocation or refusal to renew  
3194 such license and an opportunity for a hearing on such actions in  
3195 accordance with section 36a-51.] The commissioner may, in accordance  
3196 with section 36a-24b, automatically suspend the license of any licensee  
3197 who has received a deficiency on the system indicating that a required  
3198 payment was Returned-ACH or returned pursuant to any other term  
3199 as may be utilized by the system to indicate that payment was not  
3200 accepted. After a license has been automatically suspended pursuant  
3201 to this subsection, the commissioner shall (1) give the licensee notice of  
3202 such automatic suspension pending proceedings for revocation of or  
3203 refusal to renew the license pursuant to section 36a-587, as amended  
3204 by this act, and an opportunity for a hearing in accordance with  
3205 section 36a-51, as amended by this act, and (2) require the licensee to  
3206 take or refrain from taking action as the commissioner deems  
3207 necessary to effectuate the purpose of this section.

3208 (c) Each [applicant or] licensee shall pay the expenses of any  
3209 examination or other investigation under sections 36a-580 to 36a-589,  
3210 inclusive, as amended by this act.

3211 (d) No abatement of [the license or location fee] any fee required by  
3212 this section shall be made if the application is denied or withdrawn  
3213 prior to issuance of the license or if the license is surrendered,  
3214 cancelled, revoked or suspended prior to the expiration of the period  
3215 for which it was issued.

3216 Sec. 45. Section 36a-583 of the general statutes is repealed and the  
3217 following is substituted in lieu thereof (*Effective October 1, 2018*):

3218       (a) (1) [The license for each facility shall be conspicuously posted in  
3219 that facility during the hours of operation. Such] A license issued  
3220 under section 36a-581, as amended by this act, shall not be transferable  
3221 or assignable. A change in any control person of the licensee, except a  
3222 change of a director, general partner or executive officer that is not the  
3223 result of an acquisition or change of control of the licensee, shall be the  
3224 subject of an advance change notice filed on the system at least thirty  
3225 days prior to the effective date of such change and no such change  
3226 shall occur without the commissioner's approval.

3227       (2) The commissioner may automatically suspend any license for a  
3228 violation of subdivision (1) of this subsection or for a violation of  
3229 subdivision (1) of subsection (d) of section 36a-581, as amended by this  
3230 act. After a license has been automatically suspended pursuant to this  
3231 subsection, the commissioner shall (A) give the licensee notice of the  
3232 automatic suspension, pending proceedings for revocation of or  
3233 refusal to renew the license pursuant to section 36a-587, as amended  
3234 by this act, and an opportunity for a hearing in accordance with  
3235 section 36a-51, as amended by this act, and (B) require the licensee to  
3236 take or refrain from taking action as the commissioner deems  
3237 necessary to effectuate the purpose of this section.

3238       (b) Not later than fifteen days after the date a licensee ceases to  
3239 engage in this state in the business of cashing checks, drafts or money  
3240 orders for consideration at a general facility or limited facility for any  
3241 reason, including, but not limited to, a business decision to terminate  
3242 operations in this state, license revocation, bankruptcy or voluntary  
3243 dissolution, such licensee shall surrender, [to the commissioner in  
3244 person or by registered or certified mail] in accordance with subsection  
3245 (c) of section 36a-51, as amended by this act, its license for each  
3246 location in which such licensee has ceased to engage in such business.

3247       Sec. 46. Subsection (c) of section 36a-584 of the general statutes is  
3248 repealed and the following is substituted in lieu thereof (*Effective*  
3249 *October 1, 2018*):

3250 (c) Not later than January 15, [2006] 2019, and quarterly thereafter,  
3251 each check cashing licensee shall submit a report to the commissioner  
3252 that specifies the number and type of checks cashed by such licensee  
3253 [and the number of checks cashed] that exceed [two] six thousand [five  
3254 hundred] dollars during the previous calendar quarter, unless no such  
3255 activity occurred in the previous quarter, in which case the licensee  
3256 shall file a written statement to that effect. Each check cashing licensee  
3257 shall, to the extent required by the system, timely submit to the system  
3258 accurate reports of condition that shall be in such form and contain  
3259 such information as the system may require. Failure by a licensee to  
3260 submit timely and accurate reports shall constitute a violation of this  
3261 provision. Any person making any filing or submission of any  
3262 information on the system shall do so in accordance with the  
3263 procedures and requirements of the system and pay the applicable fees  
3264 or charges to the system.

3265 Sec. 47. Section 36a-586 of the 2018 supplement to the general  
3266 statutes is repealed and the following is substituted in lieu thereof  
3267 (*Effective October 1, 2018*):

3268 (a) Each check cashing licensee shall use and maintain at a general  
3269 facility in this state, in the form satisfactory to the commissioner, such  
3270 books, records and accounts as will enable the commissioner to  
3271 determine whether the licensee is complying with the provisions of  
3272 sections 36a-580 to 36a-589, inclusive, as amended by this act. Each  
3273 licensee shall retain such books, records and accounts for not less than  
3274 the periods of time specified in regulations adopted by the  
3275 commissioner in accordance with section 36a-588.

3276 (b) Before a check cashing licensee deposits with any financial  
3277 institution a check, draft or money order cashed by such licensee, the  
3278 item shall be endorsed with the actual name under which the licensee  
3279 is doing business and [must] have the words "licensed check cashing  
3280 service" legibly written or stamped immediately after or below such  
3281 name.

3282 (c) Each check cashing licensee shall comply with the applicable  
3283 provisions of the Currency and Foreign Transactions Reporting Act, 31  
3284 USC Section 5311 et seq., as from time to time amended, and any  
3285 regulations adopted under such provisions, as from time to time  
3286 amended.

3287 (d) No person required to be licensed and who is subject to the  
3288 provisions of sections 36a-580 to 36a-589, inclusive, as amended by this  
3289 act, and no control person shall, directly or indirectly: (1) Employ any  
3290 scheme, device or artifice to defraud or mislead any person in  
3291 connection with a check cashing transaction; (2) engage in any unfair  
3292 or deceptive practice toward any person in connection with a check  
3293 cashing transaction; (3) obtain property by fraud or misrepresentation;  
3294 (4) fail to comply with the provisions of sections 36a-580 to 36a-589,  
3295 inclusive, as amended by this act, or the rules or regulations adopted  
3296 under said sections, or fail to comply with any other state or federal  
3297 law, including the rules and regulations thereunder; (5) make, in any  
3298 manner, any false or deceptive statement or representation in  
3299 connection with a check cashing transaction or engage in bait and  
3300 switch advertising; (6) negligently make any false statement or  
3301 knowingly and wilfully make any omission of material fact in  
3302 connection with any information or reports filed with a governmental  
3303 agency or the system, or in connection with any investigation  
3304 conducted by the commissioner or another governmental agency; (7)  
3305 collect, charge, attempt to collect or charge or use or propose any  
3306 agreement purporting to collect or charge any fee prohibited by  
3307 sections 36a-580 to 36a-589, inclusive, as amended by this act; (8) fail to  
3308 truthfully account for moneys belonging to a party to a check cashing  
3309 transaction; (9) fail to comply with any demand or requirement made  
3310 by the commissioner under and within the authority of sections 36a-  
3311 580 to 36a-589, inclusive, as amended by this act; or (10) fail to  
3312 establish, enforce and maintain policies and procedures for  
3313 supervising employees, agents and office operations that are  
3314 reasonably designed to achieve compliance with applicable check  
3315 cashing laws and regulations.

3316       (e) The unique identifier of any person licensed under section 36a-  
3317 581, as amended by this act, shall be clearly shown on all solicitations  
3318 and advertisements, including business cards and Internet web sites,  
3319 and any other documents as established by rule, regulation or order of  
3320 the commissioner, and shall be clearly stated in all audio solicitations  
3321 and advertisements. The solicitations or advertisements of any person  
3322 licensed under section 36a-581, as amended by this act: (1) Shall not  
3323 include any statement that such person is endorsed in any way by this  
3324 state, except that such solicitations and advertisements may include a  
3325 statement that such person is licensed in this state; (2) shall not include  
3326 any statement or claim that is deceptive, false or misleading; (3) shall  
3327 otherwise conform to the requirements of sections 36a-580 to 36a-589,  
3328 inclusive, as amended by this act, any regulations issued thereunder  
3329 and any other applicable law; and (4) shall be retained for two years  
3330 from the date of use of such solicitation or advertisement.

3331       Sec. 48. Section 36a-587 of the general statutes is repealed and the  
3332 following is substituted in lieu thereof (*Effective October 1, 2018*):

3333       (a) The commissioner may suspend, revoke or refuse to renew any  
3334 license issued pursuant to section 36a-581, as amended by this act, or  
3335 take any other action, in accordance with the provisions of section 36a-  
3336 51, as amended by this act, for any reason which would be sufficient  
3337 grounds for the commissioner to deny an application for a license  
3338 under sections 36a-580 to 36a-589, inclusive, as amended by this act, or  
3339 if the commissioner finds that the licensee or any [owner, director,  
3340 officer, member, partner, shareholder] control person of the licensee,  
3341 qualified individual or branch manager with supervisory authority,  
3342 trustee, employee or agent of such licensee has done any of the  
3343 following: (1) Made any material misstatement in the application; (2)  
3344 committed any fraud, engaged in dishonest activities or made any  
3345 misrepresentation; (3) violated any [provision of sections 36a-580 to  
3346 36a-589, inclusive,] provision of this title or any regulation  
3347 [promulgated under said sections] or order adopted or issued  
3348 pursuant thereto pertaining to such person, or any other law or  
3349 regulation applicable to the conduct of such licensee's check cashing

3350 business; or (4) demonstrated incompetency or untrustworthiness to  
3351 act as a licensed check cashing service.

3352 (b) Whenever it appears to the commissioner that (1) any person has  
3353 violated, is violating or is about to violate any of the provisions of  
3354 sections 36a-580 to 36a-589, inclusive, as amended by this act, or any  
3355 regulation adopted pursuant to said sections, [or] (2) any person is,  
3356 was or would be a cause of the violation of any such provision or  
3357 regulation due to an act or omission such person knew or should have  
3358 known would contribute to such violation; or (3) any licensee or any  
3359 [owner, director, officer, member, partner, shareholder] control person  
3360 of the licensee, qualified individual or branch manager with  
3361 supervisory authority, trustee, employee or agent of such licensee has  
3362 committed any fraud, engaged in dishonest activities or made any  
3363 misrepresentation, the commissioner may take action against such  
3364 person or licensee in accordance with sections 36a-50 and 36a-52.

3365 (c) The commissioner may order a licensee to remove any individual  
3366 conducting business under sections 36a-580 to 36a-589, inclusive, as  
3367 amended by this act, from office and from employment or retention as  
3368 an independent contractor in the check cashing business in this state in  
3369 accordance with section 5 of this act.

3370 (d) The commissioner may issue a temporary order to cease  
3371 business under a license if the commissioner determines that such  
3372 license was issued erroneously. Such temporary order shall be issued  
3373 in accordance with subsection (j) of section 36a-24b.

3374 Sec. 49. Section 36a-596 of the 2018 supplement to the general  
3375 statutes is repealed and the following is substituted in lieu thereof  
3376 (*Effective October 1, 2018*):

3377 As used in sections 36a-595 to 36a-612, inclusive, as amended by this  
3378 act:

3379 (1) "Advertise" or "advertising" has the same meaning as provided  
3380 in section 36a-485, as amended by this act.



3381 (2) "Authorized delegate" means a person designated by a person  
3382 licensed pursuant to sections 36a-595 to 36a-612, inclusive, as amended  
3383 by this act, to provide money transmission services on behalf of such  
3384 licensed person.

3385 (3) "Control person" has the same meaning as provided in section  
3386 36a-485, as amended by this act.

3387 (4) "Electronic payment instrument" means a card or other tangible  
3388 object for the transmission of money or monetary value or payment of  
3389 money which contains a microprocessor chip, magnetic stripe, or other  
3390 means for the storage of information, that is prefunded and for which  
3391 the value is decremented upon each use, but does not include a card or  
3392 other tangible object that is redeemable by the issuer in the issuer's  
3393 goods or services.

3394 (5) "Holder" means a person, other than a purchaser, who is either in  
3395 possession of a payment instrument and is the named payee thereon or  
3396 in possession of a payment instrument issued or endorsed to such  
3397 person or bearer or in blank. "Holder" does not include any person  
3398 who is in possession of a lost, stolen or forged payment instrument.

3399 (6) "Licensee" means any person licensed or required to be licensed  
3400 pursuant to sections 36a-595 to 36a-612, inclusive, as amended by this  
3401 act.

3402 (7) "Main office" has the same meaning as provided in section 36a-  
3403 485, as amended by this act.

3404 [(7)] (8) "Monetary value" means a medium of exchange, whether or  
3405 not redeemable in money.

3406 [(8)] (9) "Money transmission" means engaging in the business of  
3407 issuing or selling payment instruments or stored value, receiving  
3408 money or monetary value for current or future transmission or the  
3409 business of transmitting money or monetary value within the United  
3410 States or to locations outside the United States by any and all means

3411 including, but not limited to, payment instrument, wire, facsimile or  
3412 electronic transfer.

3413     ~~[(9)]~~ (10) "Outstanding" means (A) in the case of a payment  
3414 instrument or stored value, that: (i) It is sold or issued in the United  
3415 States; (ii) a report of it has been received by a licensee from its  
3416 authorized delegates; and (iii) it has not yet been paid by the issuer,  
3417 and (B) for all other money transmissions, the value reported to the  
3418 licensee for which the licensee or any authorized delegate has received  
3419 money or its equivalent value from the customer for transmission, but  
3420 has not yet completed the money transmission by delivering the  
3421 money or monetary value to the person designated by the customer.

3422     ~~[(10)]~~ (11) "Payment instrument" means a check, draft, money order,  
3423 travelers check or electronic payment instrument that evidences either  
3424 an obligation for the transmission of money or monetary value or  
3425 payment of money, or the purchase or the deposit of funds for the  
3426 purchase of such check, draft, money order, travelers check or  
3427 electronic payment instrument.

3428     ~~[(11)]~~ (12) "Permissible investment" means: (A) Cash in United  
3429 States currency; (B) time deposits, as defined in section 36a-2, as  
3430 amended by this act, or other debt instruments of a bank; (C) bills of  
3431 exchange or bankers acceptances which are eligible for purchase by  
3432 member banks of the Federal Reserve System; (D) commercial paper of  
3433 prime quality; (E) interest-bearing bills, notes, bonds, debentures or  
3434 other obligations issued or guaranteed by: (i) The United States or any  
3435 of its agencies or instrumentalities, or (ii) any state, or any agency,  
3436 instrumentality, political subdivision, school district or legally  
3437 constituted authority of any state if such investment is of prime  
3438 quality; (F) interest-bearing bills or notes, or bonds, debentures or  
3439 preferred stocks, traded on any national securities exchange or on a  
3440 national over-the-counter market, if such debt or equity investments  
3441 are of prime quality; (G) receivables due from authorized delegates  
3442 consisting of the proceeds of the sale of payment instruments which  
3443 are not past due or doubtful of collection; (H) gold; and (I) any other

3444 investments approved by the commissioner. Notwithstanding the  
3445 provisions of this subdivision, if the commissioner at any time finds  
3446 that an investment of a licensee is unsatisfactory for investment  
3447 purposes, the investment shall not qualify as a permissible investment.

3448 [(12)] (13) "Prime quality" of an investment means that it is within  
3449 the top four rating categories in any rating service recognized by the  
3450 commissioner unless the commissioner determines for any licensee  
3451 that only those investments in the top three rating categories qualify as  
3452 "prime quality".

3453 [(13)] (14) "Purchaser" means a person who buys or has bought a  
3454 payment instrument or who has given money or monetary value for  
3455 current or future transmission.

3456 [(14)] (15) "Stored value" means monetary value that is evidenced by  
3457 an electronic record. For the purposes of this subdivision, "electronic  
3458 record" means information that is stored in an electronic medium and  
3459 is retrievable in perceivable form.

3460 [(15)] (16) "Travelers check" means a payment instrument for the  
3461 payment of money that contains a provision for a specimen signature  
3462 of the purchaser to be completed at the time of a purchase of the  
3463 instrument and a provision for a countersignature of the purchaser to  
3464 be completed at the time of negotiation.

3465 (17) "Unique identifier" has the same meaning as provided in  
3466 section 36a-485, as amended by this act.

3467 [(16)] (18) "Virtual currency" means any type of digital unit that is  
3468 used as a medium of exchange or a form of digitally stored value or  
3469 that is incorporated into payment system technology. Virtual currency  
3470 shall be construed to include digital units of exchange that (A) have a  
3471 centralized repository or administrator; (B) are decentralized and have  
3472 no centralized repository or administrator; or (C) may be created or  
3473 obtained by computing or manufacturing effort. Virtual currency shall  
3474 not be construed to include digital units that are used (i) solely within

3475 online gaming platforms with no market or application outside such  
3476 gaming platforms, or (ii) exclusively as part of a consumer affinity or  
3477 rewards program, and can be applied solely as payment for purchases  
3478 with the issuer or other designated merchants, but cannot be converted  
3479 into or redeemed for fiat currency.

3480 Sec. 50. Subsection (a) of section 36a-597 of the general statutes is  
3481 repealed and the following is substituted in lieu thereof (*Effective*  
3482 *October 1, 2018*):

3483 (a) No person shall engage in the business of money transmission in  
3484 this state, or advertise or solicit such services, without a main office  
3485 license issued by the commissioner as provided in sections 36a-595 to  
3486 36a-612, inclusive, as amended by this act, except as an authorized  
3487 delegate of a person that has been issued a license by the commissioner  
3488 and in accordance with section 36a-607, as amended by this act. Any  
3489 activity subject to licensure pursuant to sections 36a-595 to 36a-612,  
3490 inclusive, as amended by this act, shall be conducted from an office  
3491 located in a state, as defined in section 36a-2. A person engaged in the  
3492 business of money transmission is acting in this state under this section  
3493 if such person: (1) Has a place of business located in this state, (2)  
3494 receives money or monetary value in this state or from a person  
3495 located in this state, (3) transmits money or monetary value from a  
3496 location in this state or to a person located in this state, (4) issues  
3497 stored value or payment instruments that are sold in this state, or (5)  
3498 sells stored value or payment instruments in this state. [The licensee  
3499 shall promptly notify the commissioner, in writing, of the termination  
3500 of the contract between such licensee and authorized delegate.]

3501 Sec. 51. Section 36a-598 of the 2018 supplement to the general  
3502 statutes is repealed and the following is substituted in lieu thereof  
3503 (*Effective October 1, 2018*):

3504 (a) Each application for an initial or renewal license required under  
3505 sections 36a-595 to 36a-612, inclusive, as amended by this act, shall be  
3506 made [in writing and under oath to the commissioner in such form as

3507 the commissioner may prescribe. The application shall include:

3508 (1) The exact name of the applicant and, if incorporated, the date of  
3509 incorporation and the state where incorporated;

3510 (2) The complete address of the principal office from which the  
3511 business is to be conducted and of the office where the books and  
3512 records of the applicant are to be maintained;

3513 (3) The complete name and address of each of the applicant's  
3514 locations and authorized delegates, if any, through which the applicant  
3515 intends to engage in the business of money transmission in this state;

3516 (4) The name, title, address and telephone number of the person to  
3517 whom notice of the commissioner's approval or disapproval of the  
3518 application shall be sent and to whom any inquiries by the  
3519 commissioner concerning the application shall be directed;

3520 (5) The name and residence address of the individual, if the  
3521 applicant is an individual; the partners, if the applicant is a  
3522 partnership; the directors, trustees, principal officers, and any  
3523 shareholder owning ten per cent or more of each class of its securities,  
3524 if the applicant is a corporation or association; or the members, if the  
3525 applicant is a limited liability company;] and processed on the system  
3526 pursuant to section 36a-24b, in the form prescribed by the  
3527 commissioner. Each such form shall contain content as set forth by  
3528 instruction or procedure of the commissioner and may be changed or  
3529 updated as necessary by the commissioner in order to carry out the  
3530 purposes of sections 36a-595 to 36a-612, inclusive, as amended by this  
3531 act. The applicant shall, at a minimum, furnish to the system  
3532 information concerning the identity of the applicant, any control  
3533 person of the applicant, the qualified individual and any branch  
3534 manager responsible for the actions of the licensee, including, but not  
3535 limited to, information related to such person's personal history and  
3536 experience and any administrative, civil or criminal findings by any  
3537 governmental jurisdiction. As part of an application, the commissioner  
3538 may (1) in accordance with section 29-17a, conduct a state or national

3539 criminal history records check of the applicant, any control person of  
3540 the applicant, the qualified individual and any branch manager, and  
3541 (2) in accordance with section 36a-24b (A) require the submission of  
3542 fingerprints of any such person to the Federal Bureau of Investigation  
3543 or other state, national or international criminal databases, and (B)  
3544 investigate the financial condition of any such person and require  
3545 authorization from any such person for the system and the  
3546 commissioner to obtain an independent credit report from a consumer  
3547 reporting agency, as described in Section 603(p) of the Fair Credit  
3548 Reporting Act, 15 USC 1681a, as amended from time to time. An  
3549 application for an initial license shall also include:

3550       [(6) (A)] (i) A copy of the applicant's audited financial statements for  
3551 the most recent fiscal year. [, (B) if] If the applicant is a wholly-owned  
3552 subsidiary of another corporation, [(i)] the applicant shall include the  
3553 most recent audited consolidated annual financial statements of the  
3554 parent corporation or the applicant's most recent audited consolidated  
3555 annual financial statement, and [(ii)] the most recent audited  
3556 unconsolidated financial statement of the applicant, including its  
3557 balance sheet and receipts and disbursements for the preceding year. [, (C) if] If the applicant is publicly traded, the applicant shall include a  
3559 copy of the most recent 10-K report that such applicant filed with the  
3560 Securities Exchange Commission or, if the applicant is a wholly-owned  
3561 subsidiary of a publicly traded company, a copy of the parent  
3562 company's most recent 10-K report that was filed with the Securities  
3563 and Exchange Commission. [, and (D) if] If the applicant or parent  
3564 company of a wholly-owned subsidiary applicant is publicly traded on  
3565 a foreign exchange, the applicant shall include a copy of  
3566 documentation similar to the 10-K report [filed pursuant to  
3567 subparagraph (C) of this subdivision] that was filed with the  
3568 applicable securities regulator;

3569       [(7)] (ii) A list of the applicant's permissible investments, the book  
3570 and market values of such investments, and the dollar amount of the  
3571 applicant's aggregate outstanding money transmissions [(A)] (I) as of  
3572 the date of the financial statement filed in accordance with

3573 [subdivision (6) of this subsection] clause (i) of this subparagraph; and  
3574 [(B)] (II) as of a date no earlier than thirty business days prior to the  
3575 filing of the application;

3576 [(8) (A) The history of criminal convictions of the individual, if the  
3577 applicant is an individual; the partners, if the applicant is a  
3578 partnership; the directors, trustees, principal officers and any  
3579 shareholder owning ten per cent or more of each class of its securities  
3580 if the applicant is a corporation or association; or the members, if the  
3581 applicant is a limited liability company, and (B) sufficient information  
3582 pertaining to the history of criminal convictions, in a form acceptable  
3583 to the commissioner, on such individual or the partners, directors,  
3584 trustees, principal officers, members and any shareholder owning ten  
3585 per cent or more of each class of the applicant's securities;]

3586 [(9) (A)] (iii) (I) The surety bond required by subsection (a) of section  
3587 36a-602, if applicable;

3588 [(B)] (II) A list of the investments maintained in accordance with  
3589 subsection (d) of section 36a-602, if applicable, and the book and  
3590 market values of any such investments [(i)] as of the date of the  
3591 financial statement filed in accordance with [subdivision (6) of this  
3592 subsection] clause (i) of this subparagraph; and [(ii)] as of a date no  
3593 earlier than thirty business days prior to the filing of the application;

3594 [(10)] (iv) A statement describing the type of money transmission  
3595 business that will be conducted by the applicant in this state and  
3596 whether such money transmission will include the transmission of  
3597 monetary value in the form of virtual currency;

3598 [(11)] (v) The name and address of any financial institution used by  
3599 the applicant for its money transmission business in this state;

3600 [(12)] (vi) For each authorized delegate, a sample of the contract  
3601 evidencing the proposed arrangement between the applicant and the  
3602 authorized delegate; and

3603 [(13)] (vii) Any other information the commissioner may require.

3604 (b) [The commissioner, in accordance with section 29-17a, may  
3605 conduct a state and national criminal history records check of the  
3606 individual applicant and of each partner, director, trustee, principal  
3607 officer, member and shareholder owning ten per cent or more of each  
3608 class of the securities of the applicant.] The commissioner may deem  
3609 an application for a license to engage in the business of money  
3610 transmission in this state abandoned if the applicant fails to respond to  
3611 any request for information required under sections 36a-595 to 36a-612,  
3612 inclusive, as amended by this act, or any regulations adopted pursuant  
3613 to said sections. The commissioner shall notify the applicant [, in  
3614 writing,] on the system that if the applicant fails to submit such  
3615 information not later than sixty days after such request, the application  
3616 shall be deemed abandoned. An application filing fee paid prior to the  
3617 date an application is deemed abandoned pursuant to this subsection  
3618 shall not be refunded. Abandonment of an application pursuant to this  
3619 subsection shall not preclude the applicant from submitting a new  
3620 application for a license under sections 36a-595 to 36a-612, inclusive, as  
3621 amended by this act.

3622 (c) [An] Except as otherwise specified in subsections (d) and (e) of  
3623 this section, each applicant, [or] licensee, control person and qualified  
3624 individual shall [notify the commissioner, in writing, of] file with the  
3625 system any change in the information [provided in the application for  
3626 license or most recent renewal of such license] most recently submitted  
3627 to the system by such licensee, control person or qualified individual  
3628 in connection with the application or license, or, if the information  
3629 cannot be filed on the system, notify the commissioner, in writing, of  
3630 such change in the information not later than fifteen days after the date  
3631 the applicant, [or] licensee, control person or qualified individual has  
3632 reason to know of such change.

3633 (d) [A licensee shall not change the name specified on its license  
3634 unless, prior to such change in name, the licensee files an application  
3635 with the commissioner accompanied by the name change fee specified



3636 in subsection (a) of section 36a-599 and receives the approval of the  
3637 commissioner.] (1) A money transmission license shall not be  
3638 transferable or assignable. Any change in any control person of the  
3639 licensee, except a change of a director, general partner or executive  
3640 officer that is not the result of an acquisition or a change of control of  
3641 the licensee, shall be the subject of an advance change notice filed on  
3642 the system at least thirty days prior to the effective date of such change  
3643 and no such change shall occur without the commissioner's approval.

3644 (2) No licensee may use any name other than its legal name or a  
3645 fictitious name approved by the commissioner, provided such licensee  
3646 may not use its legal name if the commissioner disapproves use of  
3647 such name. No licensee shall use any name or address other than the  
3648 name and address specified on the license issued by the commissioner.  
3649 A licensee may change the name of the licensee or the address of the  
3650 office specified on the most recent filing with the system if, at least  
3651 thirty calendar days prior to such change, the licensee files such  
3652 change with the system and provides a bond rider, endorsement or  
3653 addendum, as applicable, to the surety bond on file with the  
3654 commissioner that reflects the new name or address, and the  
3655 commissioner does not disapprove such change, in writing, or request  
3656 further information within such thirty-day period.

3657 (3) The commissioner may automatically suspend any license for a  
3658 violation of this subsection. After a license has been automatically  
3659 suspended pursuant to this subsection, the commissioner shall (A)  
3660 give the licensee notice of the automatic suspension, pending  
3661 proceedings for revocation of or refusal to renew the license pursuant  
3662 to section 36a-608, as amended by this act, and an opportunity for a  
3663 hearing in accordance with section 36a-51, as amended by this act, and  
3664 (B) require the licensee to take or refrain from taking action as the  
3665 commissioner deems necessary to effectuate the purpose of this  
3666 section.

3667 (e) A licensee shall file with the system or, if the information cannot  
3668 be filed on the system, provide a written notice to the commissioner

3669 not later than one business day after the licensee has reason to know of  
3670 the occurrence of any of the following events:

3671 (1) The filing of a petition by or against the licensee under the  
3672 United States Bankruptcy Code for bankruptcy or reorganization or  
3673 the filing of a petition under the United States Bankruptcy Code for  
3674 bankruptcy or reorganization by any control person, qualified  
3675 individual or authorized delegate of the licensee;

3676 (2) The filing of a petition by or against the licensee for receivership,  
3677 the commencement of any other judicial or administrative proceeding  
3678 for its dissolution or reorganization, or the making of a general  
3679 assignment for the benefit of its creditors;

3680 (3) The commencement of a proceeding to revoke or suspend its  
3681 license to engage in money transmission in another state or a foreign  
3682 country, or other formal or informal regulatory action by any  
3683 governmental agency against the licensee or any control person,  
3684 qualified individual or authorized delegate of the licensee and the  
3685 reasons therefor;

3686 (4) The commencement of any action by the Attorney General or the  
3687 attorney general of any other state against the licensee or any control  
3688 person, qualified individual or authorized delegate of the licensee and  
3689 the reasons therefor;

3690 (5) The cancellation or other impairment of the licensee's bond or  
3691 other security, including notice of claims filed against the licensee's  
3692 bond or other security;

3693 (6) A conviction or indictment of the licensee or of [a partner,  
3694 director, trustee, principal officer, member or shareholder owning ten  
3695 per cent or more of each class of the licensee's securities] any control  
3696 person or qualified individual of the licensee for a misdemeanor  
3697 involving the money transmission business or a felony; or

3698 (7) A conviction or indictment of an authorized delegate for a

3699 misdemeanor involving the money transmission business or a felony.

3700 Sec. 52. Section 36a-599 of the general statutes is repealed and the  
3701 following is substituted in lieu thereof (*Effective October 1, 2018*):

3702 (a) [Each application for an initial license shall be accompanied by a  
3703 nonrefundable investigation fee of six hundred twenty-five dollars and  
3704 a nonrefundable license fee of two thousand two hundred fifty dollars,  
3705 except that if such application is filed not earlier than one year before  
3706 the date such license will expire, the applicant shall pay a  
3707 nonrefundable investigation fee of six hundred twenty-five dollars and  
3708 a nonrefundable license fee of one thousand two hundred fifty dollars.  
3709 Each application for a renewal license shall be accompanied by a  
3710 nonrefundable license fee of two thousand two hundred fifty dollars.  
3711 Each licensee shall pay to the commissioner a nonrefundable name  
3712 change fee of two hundred dollars for each application to change a  
3713 name. No licensee shall use any name other than the name specified on  
3714 the license issued by the commissioner.] Each applicant for a money  
3715 transmission license shall pay to the system any required fees or  
3716 charges and a license fee of one thousand eight hundred seventy-five  
3717 dollars. Each such license shall expire at the close of business on  
3718 December thirty-first of the year in which the license was approved,  
3719 unless such license is renewed, except that any such license approved  
3720 on or after November first shall expire at the close of business on  
3721 December thirty-first of the year following the year in which it is  
3722 approved. An application for renewal of a license shall be filed  
3723 between November first and December thirty-first of the year in which  
3724 the license expires. Each applicant for renewal of a money  
3725 transmission license shall pay to the system any required fees or  
3726 charges and a renewal fee of one thousand one hundred twenty-five  
3727 dollars.

3728 (b) [A license issued pursuant to sections 36a-595 to 36a-612,  
3729 inclusive, shall expire at the close of business on September thirtieth of  
3730 the odd-numbered year following its issuance, unless renewed or  
3731 earlier surrendered, suspended or revoked pursuant to said sections.]

3732 Not later than fifteen days after the date a licensee ceases to engage in  
3733 the business of money transmission in this state for any reason,  
3734 including a business decision to terminate operations in this state,  
3735 license revocation, bankruptcy or voluntary dissolution, such licensee  
3736 shall [provide written notice of surrender and] request surrender [to  
3737 the commissioner its] of the license in accordance with subsection (c) of  
3738 section 36a-51, as amended by this act, for each location [in which]  
3739 where such licensee has ceased to engage in such business. The  
3740 [written notice of surrender] licensee shall also identify, in writing, to  
3741 the commissioner the location where the records of the licensee will be  
3742 stored and the name, address and telephone number of an individual  
3743 authorized to provide access to the records. The surrender of a license  
3744 does not reduce or eliminate the licensee's civil or criminal liability  
3745 arising from acts or omissions occurring prior to the surrender of the  
3746 license, including any administrative actions undertaken by the  
3747 commissioner to revoke or suspend a license, assess a civil penalty,  
3748 order restitution or exercise any other authority provided to the  
3749 commissioner.

3750 (c) Each license shall remain in force and effect until the license has  
3751 been surrendered, revoked or suspended or has expired in accordance  
3752 with the provisions of sections 36a-595 to 36a-612, inclusive, as  
3753 amended by this act. No abatement of the license fee shall be made if  
3754 the applicant is denied or withdrawn prior to issuance of the license or  
3755 if the license is surrendered, revoked or suspended prior to the  
3756 expiration of the period for which it was issued. All fees required by  
3757 this section shall be nonrefundable.

3758 Sec. 53. Section 36a-600 of the general statutes is repealed and the  
3759 following is substituted in lieu thereof (*Effective October 1, 2018*):

3760 (a) Upon the filing of an application for an initial license, and the  
3761 payment of [the fees for investigation and license] required fees, the  
3762 commissioner shall investigate the financial condition and  
3763 responsibility, financial and business experience, character and general  
3764 fitness of the applicant, and the applicant's control persons and

3765 qualified individual. The commissioner may issue a license if the  
3766 commissioner finds that:

3767 (1) The applicant's financial condition is sound;

3768 (2) The applicant's business will be conducted honestly, fairly,  
3769 equitably, carefully and efficiently within the purposes and intent of  
3770 sections 36a-595 to 36a-612, inclusive, as amended by this act, and in a  
3771 manner commanding the confidence and trust of the community;

3772 (3) [(A) If the applicant is an individual, such individual is in all  
3773 respects properly qualified and of good character, (B) if the applicant is  
3774 a partnership, each partner is in all respects properly qualified and of  
3775 good character, (C) if the applicant is a corporation or association, each  
3776 president, chairperson of the executive committee, senior officer  
3777 responsible for the corporation's business, chief financial officer or any  
3778 other person who performs similar functions as determined by the  
3779 commissioner, director, trustee and each shareholder owning ten per  
3780 cent or more of each class of the securities of such corporation is in all  
3781 respects properly qualified and of good character, or (D) if the  
3782 applicant is a limited liability company, each member is in all respects  
3783 properly qualified and of good character] The applicant's control  
3784 persons and qualified individual demonstrate financial responsibility  
3785 and are in all respects properly qualified and of good character;

3786 (4) The applicant is in compliance with the provisions of sections  
3787 36a-602 to 36a-604, inclusive, as amended by this act;

3788 (5) No person on behalf of the applicant knowingly has made any  
3789 incorrect statement of a material fact in the application, or in any  
3790 report or statement made pursuant to sections 36a-595 to 36a-612,  
3791 inclusive, as amended by this act;

3792 (6) No person on behalf of the applicant knowingly has omitted to  
3793 state any material fact necessary to give the commissioner any  
3794 information lawfully required by the commissioner; and

3795 (7) The applicant has paid the investigation fee and license fee  
3796 required under section 36a-599, as amended by this act.

3797 (b) The commissioner may deny an application if the commissioner  
3798 finds that the applicant or [any of its partners, directors, trustees,  
3799 principal officers or shareholders owning ten per cent or more of the  
3800 shares of the applicant or members] the applicant's control persons or  
3801 qualified individual (1) [are] is listed on the specially designated  
3802 nationals and blocked persons list prepared by the United States  
3803 Department of the Treasury, or (2) [have] has been convicted of any  
3804 misdemeanor involving any aspect of the money transmission  
3805 business or any felony. Any denial of an application by the  
3806 commissioner shall, when applicable, be subject to the provisions of  
3807 section 46a-80.

3808 (c) Notwithstanding the provisions of this section, the commissioner  
3809 may deny any application of a person who will or may engage in the  
3810 business of transmitting monetary value in the form of virtual  
3811 currency if, in the commissioner's discretion, the issuance of such a  
3812 license would represent undue risk of financial loss to consumers,  
3813 considering the applicant's proposed business model.

3814 (d) The commissioner may, in the commissioner's discretion, place  
3815 additional requirements, restrictions or conditions upon the license of  
3816 any applicant who will or may engage in the business of transmitting  
3817 monetary value in the form of virtual currency, including the amount  
3818 of surety bond required by section 36a-602, as amended by this act.

3819 Sec. 54. Section 36a-601 of the general statutes is repealed and the  
3820 following is substituted in lieu thereof (*Effective October 1, 2018*):

3821 (a) [A license may be renewed for the ensuing twenty-four-month  
3822 period upon the filing of an application containing all information  
3823 required by section 36a-598. Such renewal application shall be filed on  
3824 or before September first of the year in which the license expires. Any  
3825 renewal application filed with the commissioner after September first  
3826 shall be accompanied by a one-hundred-dollar late fee and any such

3827 filing shall be deemed to be timely and sufficient for purposes of  
3828 subsection (b) of section 4-182. If an application for a renewal license  
3829 has been filed with the commissioner on or before the date the license  
3830 expires, the license sought to be renewed shall continue in full force  
3831 and effect until the issuance by the commissioner of the renewal  
3832 license applied for or until the commissioner has notified the licensee  
3833 in writing of the commissioner's refusal to issue such renewal license  
3834 together with the grounds upon which such refusal is based. The  
3835 commissioner may refuse to issue a renewal license on any ground on  
3836 which the commissioner might refuse to issue an initial license.] The  
3837 minimum standards for renewal of a license shall include the  
3838 following: (1) The applicant continues to meet the minimum standards  
3839 under section 36a-600, as amended by this act; (2) the applicant has  
3840 paid all required fees for renewal of the license; and (3) the applicant  
3841 has paid any outstanding examination fees or other moneys due to the  
3842 commissioner. The license of a money transmitter failing to satisfy the  
3843 minimum standards for license renewal shall expire. The  
3844 commissioner may adopt procedures for the reinstatement of expired  
3845 licenses consistent with the standards established by the system.

3846 (b) [If the commissioner determines that a check filed with the  
3847 commissioner to pay an investigation or license fee has been  
3848 dishonored or if made by ACH, has been returned, the commissioner  
3849 shall automatically suspend a renewal license that has been issued but  
3850 is not yet effective. The commissioner shall give the licensee notice of  
3851 the automatic suspension pending proceedings for refusal to renew  
3852 such license and an opportunity for a hearing on such actions in  
3853 accordance with section 36a-51.] In accordance with section 36a-24b,  
3854 the commissioner may automatically suspend any license if such  
3855 person receives a deficiency on the system indicating that a required  
3856 payment was Returned-ACH or returned pursuant to any other term  
3857 as may be utilized by the system to indicate that payment was not  
3858 accepted. After a license has been automatically suspended pursuant  
3859 to this subsection, the commissioner shall (1) give the licensee notice of  
3860 the automatic suspension pending proceedings for revocation or

3861 refusal to renew pursuant to section 36a-608, as amended by this act,  
3862 and an opportunity for a hearing on such action in accordance with  
3863 section 36a-51, as amended by this act, and (2) require the licensee to  
3864 take or refrain from taking such action as the commissioner deems  
3865 necessary to effectuate the purposes of this section.

3866 Sec. 55. Subsection (c) of section 36a-602 of the general statutes is  
3867 repealed and the following is substituted in lieu thereof (*Effective*  
3868 *October 1, 2018*):

3869 (c) The surety company may cancel the bond at any time by a  
3870 written notice to the licensee and the commissioner, stating the date  
3871 cancellation shall take effect. [Such] If the bond is issued electronically  
3872 on the system, such written notice may be provided by the surety  
3873 company to the licensee and the commissioner through the system at  
3874 least thirty days prior to the date of cancellation. Any notice of  
3875 cancellation not provided through the system shall be sent by certified  
3876 mail to the licensee and the commissioner at least thirty days prior to  
3877 the date of cancellation. A surety bond shall not be cancelled unless the  
3878 surety company notifies the commissioner in writing not less than  
3879 thirty days prior to the effective date of cancellation. After receipt of  
3880 such notification from the surety company, the commissioner shall  
3881 give written notice to the licensee of the date such bond cancellation  
3882 shall take effect. The commissioner shall automatically suspend the  
3883 license on such date, unless the licensee, prior to such date, submits (1)  
3884 a letter of reinstatement of the bond from the surety company, (2) a  
3885 new bond, (3) evidence that all of the principal sum of such surety  
3886 bond has been invested as provided in subsection (d) of this section,  
3887 (4) a new bond that replaces the surety bond in part and evidence that  
3888 the remaining part of the principal sum of such surety bond has been  
3889 invested as provided in subsection (d) of this section, or (5) evidence  
3890 that the licensee has ceased business and has surrendered the license.  
3891 After a license has been automatically suspended, the commissioner  
3892 shall (A) give the licensee notice of the automatic suspension pending  
3893 proceedings for revocation or refusal to renew such license and an  
3894 opportunity for a hearing on such actions in accordance with section



3895 36a-51, as amended by this act, and (B) require the licensee to take or  
3896 refrain from taking such action as [in the opinion of] the commissioner  
3897 [will] deems necessary to effectuate the purposes of this section.

3898 Sec. 56. Section 36a-605 of the general statutes is repealed and the  
3899 following is substituted in lieu thereof (*Effective October 1, 2018*):

3900 In connection with the examination of a licensee under section 36a-  
3901 17, as amended by this act, the commissioner may also examine the  
3902 authorized delegates of such licensee. [The commissioner, in lieu of  
3903 conducting an examination, may accept the report of examination of  
3904 any other state or federal supervisory agency or any organization  
3905 affiliated with or representing such supervisory agency with respect to  
3906 the examination or other supervision of any person subject to the  
3907 provisions of sections 36a-595 to 36a-612, inclusive, or a report  
3908 prepared by an independent accounting firm, and reports so accepted  
3909 are considered for purposes of sections 36a-595 to 36a-612, inclusive, as  
3910 an official examination report of the commissioner.]

3911 Sec. 57. Section 36a-606 of the general statutes is repealed and the  
3912 following is substituted in lieu thereof (*Effective October 1, 2018*):

3913 (a) [On or before the thirtieth day of April each year, each licensee  
3914 shall file with the commissioner:] Any person making any filing or  
3915 submission of any information on the system shall do so in accordance  
3916 with the procedures and requirements of the system and pay the  
3917 applicable fees or charges to the system. Licensees shall complete any  
3918 reports of condition and any reports relating to authorized delegates  
3919 required by the system. Any such report shall be timely and accurately  
3920 filed on the system in accordance with the due dates and formats  
3921 required by the system.

3922 (b) Each licensee shall file with the commissioner not later than  
3923 ninety days from the licensee's fiscal year end:

3924 (1) [(A)] A copy of audited financial statements for the most recent  
3925 fiscal year, [, (B) if] If the licensee is a wholly-owned subsidiary of

3926 another corporation, [(i)] it shall file (A) the most recent audited  
3927 consolidated annual financial statements of the parent corporation or  
3928 the licensee's most recent audited consolidated annual financial  
3929 statement, and [(ii)] (B) the most recent audited unconsolidated  
3930 financial statement of the licensee, including its balance sheet and  
3931 receipts and disbursements for the preceding year. [, (C) if] If the  
3932 licensee is publicly traded, it shall file a copy of the most recent 10-K  
3933 report that was filed with the Securities and Exchange Commission or,  
3934 if the licensee is a wholly-owned subsidiary of a publicly-traded  
3935 company, a copy of the parent company's most recent 10-K report that  
3936 was filed with said commission. [, and (D) if a] If the licensee or parent  
3937 company of a wholly-owned subsidiary licensee is publicly traded on a  
3938 foreign exchange, it shall file a copy of documentation similar to the  
3939 10-K report [filed pursuant to subparagraph (C) of this subdivision]  
3940 that was filed with the applicable securities regulator;

3941 (2) [A] To the extent it is not already captured by a report of  
3942 condition, a list of permissible investments, the book and market value  
3943 of such investments, and the dollar amount of the licensee's aggregate  
3944 outstanding money transmissions; and

3945 (3) [A] To the extent it is not already captured by a report of  
3946 condition, a list of investments maintained in accordance with  
3947 subsection (d) of section 36a-602, if applicable, the book and market  
3948 values of such investments and the dollar amount of the licensee's  
3949 aggregate outstanding money transmissions in this state.

3950 [(b)] (c) The lists and other information filed as provided in  
3951 subdivisions (2) and (3) of subsection [(a)] (b) of this section shall be as  
3952 of the same date as the financial statement filed in accordance with  
3953 subdivision (1) of subsection [(a)] (b) of this section.

3954 [(c)] (d) The commissioner may require of any licensee such  
3955 additional reports, under oath, certified, or otherwise, concerning such  
3956 licensee's business in this state as the commissioner may consider  
3957 necessary for the enforcement of sections 36a-595 to 36a-612, inclusive,

3958 as amended by this act. Any licensee that fails to timely and accurately  
3959 furnish any report required by this section shall be in violation of this  
3960 section.

3961 Sec. 58. Subsection (a) of section 36a-607 of the 2018 supplement to  
3962 the general statutes is repealed and the following is substituted in lieu  
3963 thereof (*Effective October 1, 2018*):

3964 (a) A licensee may conduct its business at one or more locations  
3965 within this state as follows:

3966 (1) The business may be conducted by the licensee or through or by  
3967 means of such authorized delegates as the licensee may periodically  
3968 designate or appoint on the system in such form and manner as  
3969 required by the commissioner. The licensee shall pay any associated  
3970 processing fees imposed by the system. The licensee shall notify the  
3971 commissioner on the system of all authorized delegates that act on its  
3972 behalf. An authorized delegate may not engage in the business of  
3973 money transmission in this state on behalf of a licensee through or by  
3974 means of any person who is not identified on the system as an  
3975 authorized delegate of the licensee.

3976 (2) No license under sections 36a-595 to 36a-612, inclusive, as  
3977 amended by this act, shall be required of any authorized delegate.

3978 (3) Each authorized delegate shall, from the moment of receipt, hold  
3979 the proceeds of a sale or delivery of a licensee's money transmissions  
3980 in this state in trust for the benefit of such licensee.

3981 (4) A licensee shall be liable for the loss caused to any purchaser or  
3982 holder of the licensee's payment instruments or stored value sold in  
3983 this state by the failure of an authorized delegate to forward to the  
3984 licensee the amount due from the proceeds of a sale or delivery of the  
3985 licensee's payment instruments or stored value, or money or monetary  
3986 value received for transmission.

3987 (5) The licensee shall enter into a contract with each of its authorized

3988 delegates that requires the authorized delegate to operate in full  
3989 compliance with sections 36a-595 to 36a-612, inclusive, as amended by  
3990 this act, and provides that appointment of the authorized delegate is  
3991 not effective during any period when the license of the licensee has  
3992 been suspended. The licensee shall provide each authorized delegate  
3993 with policies and procedures sufficient to ensure compliance with  
3994 sections 36a-595 to 36a-612, inclusive, as amended by this act.

3995 (6) An authorized delegate shall remit all money owing to the  
3996 licensee in accordance with the terms of the contract between the  
3997 licensee and the authorized delegate.

3998 (7) An authorized delegate shall not provide money transmission  
3999 services in this state outside the scope of activity permissible under the  
4000 contract between the authorized delegate and the licensee.

4001 Sec. 59. Section 36a-608 of the general statutes is repealed and the  
4002 following is substituted in lieu thereof (*Effective October 1, 2018*):

4003 (a) The commissioner shall make such investigations as the  
4004 commissioner considers necessary to determine whether any licensee  
4005 or any other person has violated, is violating or is about to violate any  
4006 of the provisions of sections 36a-595 to 36a-612, inclusive, as amended  
4007 by this act, or whether any licensee has acted in such manner as  
4008 otherwise would justify the suspension or revocation of the license or a  
4009 refusal to renew the license. The provisions of section 36a-17, as  
4010 amended by this act, shall apply to such investigation. For purposes of  
4011 this section, "unsafe or unsound practice" means a practice or conduct  
4012 by a licensee or an authorized delegate that is likely to result in a  
4013 material loss, insolvency or dissipation of the licensee's assets or  
4014 otherwise materially prejudice the interests of purchasers.

4015 (b) The commissioner may suspend, ~~or~~ [or] revoke or refuse to renew a  
4016 license or take any other action, in accordance with section 36a-51, as  
4017 amended by this act, (1) on any ground on which the commissioner  
4018 might [refuse to issue] deny an initial license, (2) for any violation [of  
4019 sections 36a-595 to 36a-612, inclusive,] by the licensee, or by the

4020 licensee's control persons, qualified individual, trustee, employee or  
4021 agent, including, but not limited to, the licensee's authorized delegates,  
4022 of any provision of sections 36a-595 to 36a-612, inclusive, or of any  
4023 regulation or order adopted [under said sections, for noncompliance  
4024 with an order that the commissioner may issue under said sections to a  
4025 licensee,] or issued pursuant thereto pertaining to such person, or any  
4026 other law or regulation applicable to the conduct of such licensee's  
4027 money transmission business, (3) for failure of the licensee to pay a  
4028 judgment ordered by any court within or outside this state within  
4029 thirty days after the judgment becomes final or within thirty days after  
4030 expiration or termination of a stay of execution of the judgment, (4) for  
4031 engaging in fraud, intentional misrepresentation or gross negligence,  
4032 or (5) for engaging in an unsafe or unsound practice.

4033 (c) Whenever it appears to the commissioner that (1) any person has  
4034 violated, is violating or is about to violate any provision of sections  
4035 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation  
4036 adopted under said sections, (2) any person is, was or would be a  
4037 cause of the violation of any such provision or regulation due to an act  
4038 or omission such person knew or should have known would  
4039 contribute to such violation, or (3) any licensee has failed to pay a  
4040 judgment ordered by any court within or outside of this state thirty  
4041 days after the date on which the judgment becomes final or thirty days  
4042 after the date of the expiration or termination of a stay of execution of  
4043 the judgment, or engaged in fraud, intentional misrepresentation or  
4044 gross negligence, or engaged in an unsafe or unsound practice, the  
4045 commissioner may take action against such person in accordance with  
4046 sections 36a-50 and 36a-52.

4047 (d) The commissioner may order a licensee to terminate its  
4048 relationship with any authorized delegate if the commissioner finds  
4049 that: (1) The authorized delegate violated any provision of sections  
4050 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation  
4051 adopted under said sections or any other law or regulation applicable  
4052 to the conduct of its business; (2) the authorized delegate failed to  
4053 cooperate with an examination or investigation by the commissioner;

4054 (3) the authorized delegate engaged in fraud, intentional  
4055 misrepresentation, or gross negligence or misappropriated funds; (4)  
4056 the authorized delegate has been convicted of a violation of a state or  
4057 federal anti-money laundering statute; (5) the competence, experience,  
4058 character or general fitness of the authorized delegate or [a manager,  
4059 partner, director, trustee, principal officer, member or shareholder  
4060 owning ten per cent or more of each class of the authorized delegate's  
4061 securities] any control person of the authorized delegate demonstrates  
4062 that it would not be in the public interest to permit such authorized  
4063 delegate to engage in the business of money transmission in this state  
4064 on behalf of a licensee; (6) the authorized delegate is engaging in an  
4065 unsafe or unsound practice; or (7) the authorized delegate is convicted  
4066 of any act involving fraud or dishonesty.

4067 (e) The commissioner may, in accordance with section 5 of this act,  
4068 order a licensee to (1) remove a director, general partner, executive  
4069 officer or employee of a licensee, and (2) terminate retention of an  
4070 independent contractor in the money transmission business in this  
4071 state.

4072 (f) The commissioner may issue a temporary order to cease business  
4073 under a license if the commissioner determines that such license was  
4074 issued erroneously. Such temporary order shall be issued in  
4075 accordance with subsection (j) of section 36a-24b.

4076 Sec. 60. Section 36a-611 of the general statutes is repealed and the  
4077 following is substituted in lieu thereof (*Effective July 1, 2019*):

4078 (a) Each licensee [, as defined in section 36a-596,] shall maintain and  
4079 prepare such records as will enable the [Banking Commissioner]  
4080 commissioner to determine whether the licensee and any of its  
4081 authorized delegates are complying with the provisions of sections  
4082 36a-595 to [36a-609] 36a-612, inclusive, as amended by this act, [this  
4083 section, and section 36a-612] at the office named in the license, or, if  
4084 requested by the commissioner, shall make such records available at  
4085 such office or send such records to the commissioner by registered or

4086 certified mail, return receipt requested, or by any express delivery  
4087 carrier that provides a dated delivery receipt, not later than five  
4088 business days after such request by the commissioner. Upon request,  
4089 the commissioner may grant a licensee additional time to make such  
4090 records available or send such records to the commissioner.

4091 (b) Each licensee shall maintain the following records for at least  
4092 five years:

4093 (1) A record of each payment instrument or stored-value obligation  
4094 sold within this state;

4095 (2) A general ledger posted at least monthly containing all asset,  
4096 liability, capital, income and expense accounts;

4097 (3) Bank statements and bank reconciliation records;

4098 (4) Records of outstanding money transmissions in this state;

4099 (5) Records of each payment instrument and stored value obligation  
4100 paid during the previous five years;

4101 (6) A list of the last known names and addresses of all of the  
4102 licensee's authorized delegates; and

4103 (7) Any other records the commissioner may require.

4104 (c) (1) The unique identifier of any person licensed under section  
4105 36a-600, as amended by this act, shall be clearly shown on all  
4106 solicitations and advertisements, including any business card used to  
4107 solicit money transmission business and Internet web site, and any  
4108 other documents as established by rule, regulation or order of the  
4109 commissioner, and shall be clearly stated in all audio solicitations and  
4110 advertisements. The solicitations or advertisements of any person  
4111 licensed under section 36a-600, as amended by this act, (1) shall not  
4112 include any statement that such person is endorsed in any way by this  
4113 state, except that such solicitations and advertisements may include a  
4114 statement that such person is licensed in this state; (2) shall not include

4115 any statement or claim that is deceptive, false or misleading; (3) shall  
4116 otherwise conform to the requirements of sections 36a-595 to 36a-612,  
4117 inclusive, as amended by this act, any regulations issued thereunder  
4118 and any other applicable law; and (4) shall be retained for two years  
4119 from the date of use of such solicitation or advertising.

4120 (2) Notwithstanding the provisions of subdivision (1) of this  
4121 subsection, an advertisement or solicitation on a third-party Internet  
4122 web site need not include the unique identifier of a person licensed  
4123 under section 36a-600, as amended by this act, provided such  
4124 advertisement or solicitation contains a link to a solicitation,  
4125 advertisement or Internet web site that clearly shows the unique  
4126 identifier of such person.

4127 Sec. 61. Section 36a-612 of the general statutes is repealed and the  
4128 following is substituted in lieu thereof (*Effective October 1, 2018*):

4129 A licensee [, as defined in section 36a-596,] shall notify the [Banking  
4130 Commissioner in writing] commissioner on the system not later than  
4131 fifteen days after the date of any change in the list of the licensee's  
4132 authorized delegates or locations where the licensee or the licensee's  
4133 authorized delegates engage in the business of money transmission in  
4134 this state. Such notice shall state the name and address of each location  
4135 and authorized delegate removed or added to the licensee's list.

4136 Sec. 62. Section 36a-655 of the 2018 supplement to the general  
4137 statutes is repealed and the following is substituted in lieu thereof  
4138 (*Effective October 1, 2018*):

4139 As used in sections 36a-655 to 36a-665, inclusive:

4140 (1) "Advertise" or "advertising" has the same meaning as provided  
4141 in section 36a-485, as amended by this act.

4142 (2) "Bona fide nonprofit organization" means any organization that  
4143 is exempt from taxation under Section 501(c)(3) of the Internal Revenue  
4144 Code of 1986, or any subsequent corresponding internal revenue code



4145 of the United States, as amended from time to time.

4146 (3) "Branch office" means a location other than the main office at  
4147 which a licensee or any other person on behalf of a licensee engages in  
4148 the business of debt adjustment.

4149 ~~[(3)]~~ (4) "Control person" has the same meaning as provided in  
4150 section 36a-485, as amended by this act.

4151 ~~[(4)]~~ (5) "Debt adjustment" means, for or with the expectation of a  
4152 fee, commission or other valuable consideration, receiving, as agent of  
4153 a debtor, money or evidences thereof for the purpose of distributing  
4154 such money or evidences thereof among creditors in full or partial  
4155 payment of obligations of the debtor.

4156 ~~[(5)]~~ (6) "Debtor" means any individual who has incurred  
4157 indebtedness or owes a debt for personal, family or household  
4158 purposes.

4159 (7) "Main office" has the same meaning as provided in section 36a-  
4160 485, as amended by this act.

4161 (8) "Unique identifier" has the same meaning as provided in section  
4162 36a-485, as amended by this act.

4163 Sec. 63. Section 36a-656 of the general statutes is repealed and the  
4164 following is substituted in lieu thereof (*Effective October 1, 2018*):

4165 (a) No person shall engage in the business of debt adjustment in this  
4166 state [without a debt adjuster license. Any person desiring to obtain  
4167 such a license shall file with the commissioner an application under  
4168 oath, setting forth such information as the commissioner may require.  
4169 Each applicant for a license and each licensee shall notify the  
4170 commissioner of any change in the applicant's business from that  
4171 stated in the application for the license] unless such person has first  
4172 obtained a license for the main office and for each branch office where  
4173 such business is conducted in accordance with the provisions of  
4174 sections 36a-655 to 36a-665, inclusive, as amended by this act. Any

4175 activity subject to licensure pursuant to sections 36a-655 to 36a-665,  
4176 inclusive, as amended by this act, shall be conducted from an office  
4177 located in a state, as defined in section 36a-2.

4178 (b) An application for a debt adjuster license or renewal of such  
4179 license shall be [in writing on a form provided by the commissioner  
4180 and shall include (1) the history of criminal convictions of the  
4181 applicant; the partners, if the applicant is a partnership; the members,  
4182 if the applicant is a limited liability company or association; or the  
4183 officers, directors and principal employees if the applicant is a  
4184 corporation, and (2) sufficient information pertaining to the history of  
4185 criminal convictions, in a form acceptable to the commissioner, on such  
4186 applicant, partners, members, officers, directors and principal  
4187 employees as the commissioner deems necessary to make the findings  
4188 under subsection (c) of this section. The commissioner, in accordance  
4189 with section 29-17a, may conduct a state and national criminal history  
4190 records check of the applicant and of each partner, member, officer,  
4191 director and principal employee of the applicant.] processed on the  
4192 system pursuant to section 36a-24b, in the form prescribed by the  
4193 commissioner. Each such form shall contain content as set forth by  
4194 instruction or procedure of the commissioner and may be changed or  
4195 updated as necessary by the commissioner in order to carry out the  
4196 purposes of sections 36a-655 to 36a-665, inclusive, as amended by this  
4197 act. The applicant shall, at a minimum, furnish to the system  
4198 information concerning the identity of the applicant, any control  
4199 person of the applicant, the qualified individual and any branch  
4200 manager responsible for the actions of the licensee, including, but not  
4201 limited to, information related to such person's personal history and  
4202 experience and any administrative, civil or criminal findings by any  
4203 governmental jurisdiction. As part of an application, the commissioner  
4204 may (1) in accordance with section 29-17a, conduct a state or national  
4205 criminal history records check of the applicant, any control person of  
4206 the applicant, the qualified individual and any branch manager, and  
4207 (2) in accordance with section 36a-24b (A) require the submission of  
4208 fingerprints of the applicant, any control person of the applicant, the

4209 qualified individual and any branch manager to the Federal Bureau of  
4210 Investigation or other state, national or international criminal  
4211 databases, and (B) investigate the financial condition of any such  
4212 person and require authorization from any such person for the system  
4213 and the commissioner to obtain an independent credit report from a  
4214 consumer reporting agency, as described in Section 603(p) of the Fair  
4215 Credit Reporting Act, 15 USC 1681a, as amended from time to time.

4216 (c) (1) If the commissioner finds, upon the filing of an application for  
4217 a debt adjuster license, that: [(1)] (A) The financial responsibility,  
4218 character, reputation, integrity and general fitness of the applicant  
4219 [and of the partners thereof if the applicant is a partnership, of the  
4220 members if the applicant is a limited liability company or association,  
4221 and of the officers, directors and principal employees if the applicant is  
4222 a corporation,] and any control person, qualified individual and  
4223 branch manager of the applicant are such as to warrant belief that the  
4224 business will be operated soundly and efficiently, in the public interest  
4225 and consistent with the purposes of sections 36a-655 to 36a-665,  
4226 inclusive, as amended by this act, [; and (2)] (B) the applicant is solvent  
4227 and no proceeding in bankruptcy, receivership or assignment for the  
4228 benefit of creditors has been commenced against the applicant, (C) the  
4229 applicant has the bond required pursuant to section 36a-664, as  
4230 amended by this act, the commissioner may thereupon issue the  
4231 applicant a debt adjuster license. If the commissioner fails to make  
4232 such findings, the commissioner shall not issue a license and shall  
4233 notify the applicant of the reasons for such denial. The commissioner  
4234 may deny an application if the commissioner finds that the applicant  
4235 or any [partner, member, officer, director or principal employee of the  
4236 applicant] control person, qualified individual or branch manager of  
4237 the applicant has been convicted of any misdemeanor involving any  
4238 aspect of the debt adjuster business, or any felony or has made a  
4239 material misstatement in the application. Any denial of an application  
4240 by the commissioner shall, when applicable, be subject to the  
4241 provisions of section 46a-80. [Withdrawal of an application for a  
4242 license shall become effective upon receipt by the commissioner of a

4243 notice of intent to withdraw such application. The commissioner may  
4244 deny a license up to the date one year after the effective date of  
4245 withdrawal.]

4246 (2) The minimum standards for renewal of a debt adjuster license  
4247 shall include the following: (A) The applicant continues to meet the  
4248 minimum standards under subdivision (1) of this subsection; (B) the  
4249 applicant has paid all required fees for renewal of the license; and (C)  
4250 the applicant has paid any outstanding examination fees or other  
4251 moneys due to the commissioner. The license of a debt adjuster that  
4252 fails to satisfy the minimum standards for license renewal shall expire.  
4253 The commissioner may adopt procedures for the reinstatement of  
4254 expired licenses consistent with the standards established by the  
4255 system.

4256 (d) Each applicant for [an original] a debt adjuster license [that is a  
4257 bona fide nonprofit organization shall, at the time of making such  
4258 application, pay to the commissioner an application fee of two  
4259 hundred fifty dollars. Each applicant for an original or a renewal of a  
4260 debt adjuster license that is not a bona fide nonprofit organization  
4261 shall, at the time of making such application, pay to the commissioner  
4262 an application fee of one thousand six hundred dollars or, in the case  
4263 of an application that is filed not earlier than the date one year before  
4264 the date of expiration of such license, a license fee of eight hundred  
4265 dollars. Each such license shall expire at the close of business on  
4266 September thirtieth of the odd-numbered year following its issuance  
4267 unless such license is renewed. Each licensee shall, on or before  
4268 September first of the year in which the license expires, file such  
4269 renewal application as the commissioner may require] shall pay to the  
4270 system any required fees or charges and a license fee in the amount of  
4271 (1) two hundred fifty dollars if such applicant is a bona fide nonprofit  
4272 organization, and (2) eight hundred dollars if such applicant is not a  
4273 bona fide nonprofit organization. Each such license shall expire at the  
4274 close of business on December thirty-first of the year in which the  
4275 license was approved, unless such license is renewed, and provided  
4276 any such license approved on or after November first shall expire at

4277 the close of business on December thirty-first of the year following the  
4278 year in which it is approved. An application for renewal of a license  
4279 shall be filed between November first and December thirty-first of the  
4280 year in which the license expires. Each applicant for renewal of a debt  
4281 adjuster license shall pay to the system any required fees or charges  
4282 and, if not a bona fide nonprofit organization, a license fee of eight  
4283 hundred dollars.

4284 (e) [If the commissioner determines that a check filed with the  
4285 commissioner to pay an application fee has been dishonored, the  
4286 commissioner shall automatically suspend the license or a renewal  
4287 license that has been issued but is not yet effective. The commissioner  
4288 shall give the licensee notice of the automatic suspension pending  
4289 proceedings for revocation or refusal to renew and an opportunity for  
4290 a hearing on such actions in accordance with section 36a-51.] In  
4291 accordance with section 36a-24b, the commissioner may automatically  
4292 suspend any license if such person receives a deficiency on the system  
4293 indicating that a required payment was Returned-ACH or returned  
4294 pursuant to any other term as may be utilized by the system to indicate  
4295 that payment was not accepted. After a license has been automatically  
4296 suspended pursuant to this subsection, the commissioner shall (1) give  
4297 the licensee notice of the automatic suspension pending proceedings  
4298 for revocation or refusal to renew pursuant to section 36a-657, as  
4299 amended by this act, and an opportunity for a hearing on such action  
4300 in accordance with section 36a-51, as amended by this act, and (2)  
4301 require such licensee to take or refrain from taking such action as the  
4302 commissioner deems necessary to effectuate the purposes of this  
4303 section.

4304 (f) No abatement of the license fee shall be made if the application is  
4305 denied or withdrawn prior to the issuance of the license or if the  
4306 license is surrendered, revoked or suspended prior to the expiration of  
4307 the period for which it was issued. [The fee] All fees required by  
4308 subsection (d) of this section shall be nonrefundable.

4309 (g) The commissioner may deem an application for a license to

4310 engage in the business of debt adjustment abandoned if the applicant  
4311 fails to respond to any request for information required under sections  
4312 36a-655 to 36a-665, inclusive, as amended by this act, or any  
4313 regulations adopted pursuant to said sections 36a-655 to 36a-665,  
4314 inclusive, as amended by this act. The commissioner shall notify the  
4315 applicant [, in writing,] on the system that if the applicant fails to  
4316 submit such information not later than sixty days after the date on  
4317 which such request for information was made, the application shall be  
4318 deemed abandoned. In the event an application is deemed abandoned,  
4319 any application filing fee paid prior to the date on which the  
4320 application was filed is deemed abandoned and shall not be refunded.  
4321 Abandonment of an application pursuant to this subsection shall not  
4322 preclude the applicant from submitting a new application for a license  
4323 under sections 36a-655 to 36a-665, inclusive, as amended by this act.

4324 (h) Every debt adjuster license shall remain in force and effect until  
4325 the license has been surrendered, revoked or suspended or has expired  
4326 in accordance with the provisions of sections 36a-655 to 36a-665,  
4327 inclusive, as amended by this act. Not later than fifteen days after the  
4328 date a licensee ceases to engage in the business of a debt adjuster in  
4329 this state for any reason, including a business decision to terminate  
4330 operations in this state, license revocation, bankruptcy or voluntary  
4331 dissolution, such licensee shall surrender to the commissioner its  
4332 license for each location in which such licensee has ceased to engage in  
4333 such business in accordance with subsection (c) of section 36a-51, as  
4334 amended by this act.

4335 Sec. 64. Section 36a-657 of the general statutes is repealed and the  
4336 following is substituted in lieu thereof (*Effective October 1, 2018*):

4337 (a) The commissioner may suspend, revoke or refuse to renew any  
4338 license or take any other action, in accordance with the provisions of  
4339 section 36a-51, as amended by this act, for any reason which would be  
4340 sufficient grounds for the commissioner to deny an application for a  
4341 license under sections 36a-655 to 36a-665, inclusive, as amended by this  
4342 act, or if the commissioner finds that the licensee or any [proprietor,

4343 director, officer, member, partner, shareholder] control person,  
4344 qualified individual, branch manager, trustee, employee or agent of  
4345 such licensee has done any of the following: (1) Made any material  
4346 misstatement in the application; (2) committed any fraud or  
4347 misappropriated funds; (3) violated any of the provisions of [sections  
4348 36a-655 to 36a-665, inclusive, or any other law or regulation] this title  
4349 or of any regulation or order adopted or issued pursuant thereto  
4350 pertaining to any person or any other law or regulation applicable to  
4351 the conduct of [its] such licensee's debt adjustment business; or (4)  
4352 failed to perform any agreement with a debtor.

4353 (b) Whenever it appears to the commissioner that (1) any person has  
4354 violated, is violating or is about to violate the provisions of sections  
4355 36a-655 to 36a-665, inclusive, as amended by this act, or any regulation  
4356 adopted thereunder; (2) any person is, was or would be the cause of  
4357 the violation of any such provision or regulation due to an act or  
4358 omission such person knew or should have known would contribute  
4359 to such violation; or (3) any licensee or any [proprietor, director,  
4360 officer, member, partner, shareholder] control person, qualified  
4361 individual, branch manager, trustee, employee or agent of such  
4362 licensee has committed any fraud, misappropriated funds or failed to  
4363 perform any agreement with a debtor, the commissioner may take  
4364 action against such person or licensee in accordance with sections 36a-  
4365 50 and 36a-52.

4366 (c) The commissioner may order a licensee to remove any individual  
4367 conducting business under sections 36a-655 to 36a-665, inclusive, as  
4368 amended by this act, from office and from employment or retention as  
4369 an independent contractor in the debt adjuster business in this state in  
4370 accordance with section 5 of this act.

4371 (d) The commissioner may issue a temporary order to cease  
4372 business under a license if the commissioner determines that such  
4373 license was issued erroneously. Such temporary order shall be issued  
4374 in accordance with subsection (j) of section 36a-24b.

4375 Sec. 65. Section 36a-658 of the general statutes is repealed and the  
4376 following is substituted in lieu thereof (*Effective October 1, 2018*):

4377 (a) Each license shall state the location at which the business is to be  
4378 conducted and shall state fully the name of the licensee. If the licensee  
4379 desires to engage in the business of debt adjustment in more than one  
4380 location, the licensee shall procure a license for each location where the  
4381 business is to be conducted. [Each license shall be maintained at the  
4382 location for which the license was issued and shall be available for  
4383 public inspection. Such] A license issued under section 36a-656, as  
4384 amended by this act, shall not be transferable or assignable. [ provided  
4385 any change of location of a licensee shall require only prior written  
4386 notice to the commissioner.] Any change in any control person of the  
4387 licensee, except a change of a director, general partner or executive  
4388 officer that is not the result of an acquisition or change of control of the  
4389 licensee, shall be the subject of an advance change notice filed on the  
4390 system at least thirty days prior to the effective date of such change  
4391 and no such change shall occur without the commissioner's approval.

4392 (b) No licensee shall use any name or address other than the name  
4393 and address stated on the license issued by the commissioner. No  
4394 licensee may use any name other than its legal name or a fictitious  
4395 name approved by the commissioner, provided such licensee may not  
4396 use its legal name if the commissioner disapproves use of such name.  
4397 A licensee may change the name of the licensee or address of the office  
4398 specified on the most recent filing with the system if (1) at least thirty  
4399 calendar days prior to such change, the licensee files such change with  
4400 the system and provides to the commissioner a bond rider,  
4401 endorsement or addendum, as applicable; and (2) the commissioner  
4402 does not disapprove such change, in writing, or request further  
4403 information from the licensee within such thirty-day period.

4404 (c) The commissioner may automatically suspend any license for a  
4405 violation of subsection (a) or (b) of this section. After a license has been  
4406 automatically suspended pursuant to this subsection, the  
4407 commissioner shall (1) give the licensee notice of such automatic



4408 suspension pending proceedings for revocation of or refusal to renew  
4409 the license pursuant to section 36a-657, as amended by this act, and an  
4410 opportunity for a hearing in accordance with section 36a-51, as  
4411 amended by this act, and (2) require the licensee to take or refrain from  
4412 taking action as the commissioner deems necessary to effectuate the  
4413 purpose of this section.

4414 (d) Not later than fifteen days after the date a licensee ceases to  
4415 engage in this state in the business of debt adjustment for any reason,  
4416 including a business decision to terminate operations in this state,  
4417 license revocation, bankruptcy or voluntary dissolution, such licensee  
4418 shall surrender to the commissioner [in person or by registered or  
4419 certified mail] its license for each location in which such licensee has  
4420 ceased to engage in such business in accordance with subsection (c) of  
4421 section 36a-51, as amended by this act.

4422 (e) Except as otherwise specified in subsections (a) and (b) of this  
4423 section, each debt adjuster applicant or licensee, and each control  
4424 person, qualified individual or branch manager of such applicant or  
4425 licensee shall file on the system or, if the information cannot be filed on  
4426 the system, notify the commissioner, in writing, of any change in the  
4427 information such applicant, licensee, control person, qualified  
4428 individual or branch manager most recently submitted to the system in  
4429 connection with the application or license not later than fifteen days  
4430 after the date such applicant, licensee, control person, qualified  
4431 individual or branch manager had reason to know of the change.

4432 (f) A debt adjuster licensee shall file on the system or, if the  
4433 information cannot be filed on the system, notify the commissioner, in  
4434 writing, of the occurrence of any of the following developments not  
4435 later than fifteen days after the date the licensee had reason to know of  
4436 the occurrence of any of the following developments:

4437 (1) Filing for bankruptcy or the consummation of a corporate  
4438 restructuring of the licensee;

4439 (2) Filing of a criminal indictment against the licensee in any way

4440 related to the debt adjuster activities of the licensee, or receiving  
4441 notification of the filing of any criminal felony indictment or felony  
4442 conviction of any control person, branch manager or qualified  
4443 individual of the licensee;

4444 (3) Receiving notification of the institution of license denial, cease  
4445 and desist, suspension or revocation procedures, or other formal or  
4446 informal action by any governmental agency against the licensee or  
4447 any control person, branch manager or qualified individual of the  
4448 licensee and the reasons therefor;

4449 (4) Receiving notification of the initiation of any action against the  
4450 licensee or any control person, branch manager or qualified individual  
4451 of the licensee by the Attorney General or the attorney general of any  
4452 other state and the reasons therefor; or

4453 (5) Receiving notification of filing for bankruptcy of any control  
4454 person, branch manager or qualified individual of the licensee.

4455 (g) Any person filing or submitting any information on the system  
4456 shall do so in accordance with the procedures and requirements of the  
4457 system and shall pay the applicable fees or charges to the system. Each  
4458 debt adjuster licensee, to the extent required by the system, shall  
4459 timely submit to the system accurate reports of condition that shall be  
4460 in such form and shall contain such information as the system may  
4461 require. Failure by a licensee to submit a timely and accurate report of  
4462 condition shall constitute a violation of this provision.

4463 (h) The unique identifier of any person licensed under section 36a-  
4464 656, as amended by this act, shall be clearly shown on all solicitations  
4465 and advertisements, including business cards and Internet web sites,  
4466 and any other documents as established by rule, regulation or order of  
4467 the commissioner, and shall be clearly stated in all audio solicitations  
4468 and advertisements. The solicitations or advertisements of any person  
4469 licensed under section 36a-656, as amended by this act: (1) Shall not  
4470 include any statement that such person is endorsed in any way by this  
4471 state, except that such solicitations and advertisements may include a

4472 statement that such person is licensed in this state; (2) shall not include  
4473 any statement or claim that is deceptive, false or misleading; (3) shall  
4474 otherwise conform to the requirements of sections 36a-655 to 36a-665,  
4475 inclusive, as amended by this act, any regulations issued thereunder  
4476 and any other applicable law; and (4) shall be retained for two years  
4477 from the date of use of such solicitation or advertisement.

4478 Sec. 66. Section 36a-664 of the general statutes is repealed and the  
4479 following is substituted in lieu thereof (*Effective October 1, 2018*):

4480 (a) (1) Except as provided in subdivision (2) of this subsection, no  
4481 such license, and no renewal thereof, shall be granted unless the  
4482 applicant has filed a surety bond with the commissioner written by a  
4483 surety authorized to write such bonds in this state, provided any  
4484 applicant that files applications for licenses for more than one location  
4485 shall file a single bond. Except as provided in this subdivision, for  
4486 every applicant, the principal amount of the bond shall be the greater  
4487 of (A) forty thousand dollars, or (B) (i) twice the amount of the average  
4488 daily balance of the payments received by the applicant from  
4489 Connecticut debtors in connection with the applicant's debt adjustment  
4490 activity during the preceding twelve months ending [July thirty-first]  
4491 June thirtieth of each year, or (ii) in the case of an applicant that has  
4492 acquired the business of a predecessor debt adjuster, the lesser of the  
4493 amount of the predecessor's debt adjustment activity during such  
4494 preceding period or one million dollars. The commissioner may  
4495 require a larger bond if the commissioner determines that a licensee  
4496 has engaged in a pattern of conduct resulting in bona fide consumer  
4497 complaints of misconduct and that such increased bond is necessary  
4498 for the protection of consumers, or may increase or decrease the  
4499 amount of the bond based upon the applicant's or licensee's financial  
4500 condition, business plan and the actual or estimated aggregate amount  
4501 of payments and fees paid by Connecticut debtors to such applicant.  
4502 [Each] To the extent not captured on a required report of condition on  
4503 the system, each licensee shall submit to the commissioner, by  
4504 September first of each year, in a form and manner as may be  
4505 prescribed by the commissioner, a report containing information on

4506 the average daily balance of the payments received by the licensee  
4507 from Connecticut debtors during the preceding twelve months ending  
4508 [July thirty-first] June thirtieth of each such year. [The report shall be  
4509 subscribed and affirmed as true by the licensee and shall be in a form  
4510 prescribed by the commissioner.]

4511 (2) If a licensee or applicant for renewal of a license establishes that  
4512 such licensee or applicant is unable to comply with the bond required  
4513 by subdivision (1) of this subsection, it shall file a bond for the highest  
4514 principal amount it can obtain, provided such amount shall be a  
4515 minimum of forty thousand dollars, and the licensee or applicant for  
4516 renewal shall, in lieu of the balance of the required amount of the  
4517 bond, deposit a sum equal to the amount of the bond required by  
4518 subdivision (1) of this subsection, less the amount of the bond filed  
4519 with the commissioner, in cash or cash equivalents, with such bank,  
4520 out-of-state bank that has a branch in this state, Connecticut credit  
4521 union or federal credit union as such applicant or licensee may  
4522 designate and the commissioner may approve, and subject to such  
4523 conditions as the commissioner deems necessary for the protection of  
4524 consumers and in the public interest. No licensee or applicant shall  
4525 make such deposit until the depository institution and the licensee or  
4526 applicant executes a deposit agreement satisfactory to the  
4527 commissioner. The deposit agreement shall pledge the amount  
4528 deposited to the commissioner and provide that the depository  
4529 institution shall not release any of the moneys pledged without the  
4530 authorization of the commissioner. The amount deposited shall secure  
4531 the same obligation as would a surety bond filed under this section  
4532 and shall be held at such banks or credit unions to cover claims during  
4533 the period the license remains in full force and effect and the  
4534 succeeding two years after such license has been surrendered, revoked  
4535 or suspended or has expired. The licensee or applicant may collect  
4536 interest on such deposit in accordance with its deposit agreement. The  
4537 deposits made pursuant to this section shall be deemed, by operation  
4538 of law, to be held in trust for the benefit of any debtor, who may be  
4539 damaged by failure of a licensee or applicant to perform any written

4540 agreements or by the wrongful conversion of funds paid to a licensee  
4541 in the event of the bankruptcy of the licensee, and shall be immune  
4542 from attachment by creditors or judgment creditors.

4543 (3) The form of any surety bond submitted pursuant to this section  
4544 shall be approved by the Attorney General. Any surety bond filed  
4545 under this section shall be conditioned upon the licensee faithfully  
4546 performing any and all written agreements with debtors, truly and  
4547 faithfully accounting for all funds received by the licensee in the  
4548 licensee's capacity as a debt adjuster, and conducting such business  
4549 consistent with the provisions of sections 36a-655 to 36a-665, inclusive,  
4550 as amended by this act. Any debtor who may be damaged by failure to  
4551 perform any written agreements, or by the wrongful conversion of  
4552 funds paid to a licensee, may proceed on any such surety bond against  
4553 the principal or surety thereon, or both, to recover damages. The  
4554 commissioner may proceed on any such surety bond against the  
4555 principal or surety thereon, or both, to collect any civil penalty  
4556 imposed upon the licensee pursuant to subsection (a) of section 36a-50.  
4557 On and after April 1, 2019, the commissioner may also proceed on any  
4558 restitution imposed pursuant to subsection (c) of section 36a-50, and  
4559 any unpaid costs of examination of a license as determined pursuant to  
4560 section 36a-65, as amended by this act. The proceeds of any bond, even  
4561 if commingled with other assets of the licensee, shall be deemed by  
4562 operation of law to be held in trust for the benefit of such claimants  
4563 against the licensee in the event of bankruptcy of the licensee and shall  
4564 be immune from attachment by creditors and judgment creditors. Any  
4565 bond required by this section shall be maintained during the entire  
4566 period of the license granted to the applicant, and the aggregate  
4567 liability under any such bond shall not exceed the principal amount of  
4568 the bond or the limit of liability.

4569 (b) The surety shall have the right to cancel any bond filed under  
4570 subsection (a) of this section at any time by a written notice to the  
4571 licensee and the commissioner, stating the date cancellation shall take  
4572 effect. [Such notice] If such bond is issued electronically on the system,  
4573 written notice of cancellation may be provided by the surety to the

4574 principal and the commissioner through the system at least thirty days  
4575 prior to the date of cancellation. Any notice of cancellation not  
4576 provided through the system shall be sent by certified mail to the  
4577 licensee and the commissioner at least thirty days prior to the date of  
4578 cancellation. No such bond shall be cancelled unless the surety notifies  
4579 the commissioner in writing not less than thirty days prior to the  
4580 effective date of cancellation. After receipt of such notification from the  
4581 surety, the commissioner shall give written notice to the licensee of the  
4582 date such bond cancellation shall take effect. The commissioner shall  
4583 automatically suspend the license on such date, unless prior to such  
4584 date the licensee submits a letter of reinstatement of the bond from the  
4585 surety or a new bond or the licensee has surrendered the license. After  
4586 a license has been automatically suspended, the commissioner shall (1)  
4587 give the licensee notice of the automatic suspension pending  
4588 proceedings for revocation or refusal to renew and an opportunity for  
4589 a hearing on such actions in accordance with section 36a-51, as  
4590 amended by this act, and (2) require the licensee to take or refrain from  
4591 taking such action as [in the opinion of] the commissioner [will] deems  
4592 necessary to effectuate the purposes of this section.

4593 (c) No licensee shall use, attempt to use or make reference to, either  
4594 directly or indirectly, any word or phrase which states or implies that  
4595 the licensee is endorsed, sponsored, recommended or bonded by the  
4596 state.

4597 Sec. 67. Section 36a-671 of the 2018 supplement to the general  
4598 statutes is repealed and the following is substituted in lieu thereof  
4599 (*Effective October 1, 2018*):

4600 (a) As used in this section and sections 36a-671a to 36a-671f,  
4601 inclusive, as amended by this act:

4602 (1) "Advertise" or "advertising" has the same meaning as provided  
4603 in section 36a-485, as amended by this act.

4604 (2) "Branch office" means a location other than the main office at  
4605 which a licensee or any person on behalf of a licensee engages or offers

4606 to engage in debt negotiation.

4607 [(2)] (3) "Control person" has the same meaning as provided in  
4608 section 36a-485, as amended by this act.

4609 [(3)] (4) "Debt negotiation" means, for or with the expectation of a  
4610 fee, commission or other valuable consideration, assisting a debtor in  
4611 negotiating or attempting to negotiate on behalf of a debtor the terms  
4612 of a debtor's obligations with one or more mortgagees or creditors of  
4613 the debtor, including the negotiation of short sales of residential  
4614 property or foreclosure rescue services.

4615 [(4)] (5) "Debtor" means any individual who has incurred  
4616 indebtedness or owes a debt for personal, family or household  
4617 purposes.

4618 [(5)] (6) "Foreclosure rescue services" means services related to or  
4619 promising assistance in connection with (A) avoiding or delaying  
4620 actual or anticipated foreclosure proceedings concerning residential  
4621 property, or (B) curing or otherwise addressing a default or failure to  
4622 timely pay with respect to a mortgage loan secured by residential  
4623 property, and includes, but is not limited to, the offer, arrangement or  
4624 placement of a mortgage loan secured by residential property or other  
4625 extension of credit when those services are advertised, offered or  
4626 promoted in the context of foreclosure related services.

4627 (7) "Main office" has the same meaning as provided in section 36a-  
4628 485, as amended by this act.

4629 [(6)] (8) "Mortgagee" means the original lender under a mortgage  
4630 loan secured by residential property or its agents, successors or  
4631 assigns.

4632 [(7)] (9) "Mortgagor" means a debtor who is an owner of residential  
4633 property, including, but not limited to, a single-family unit in a  
4634 common interest community, who is also the borrower under a  
4635 mortgage encumbering such residential property.

4636        [(8)] (10) "Residential property" means a one-to-four family owner-  
4637 occupied real property.

4638        [(9)] (11) "Short sale" means the sale of residential property by a  
4639 mortgagor for an amount less than the outstanding balance owed on  
4640 the loan secured by such property where, prior to the sale, the  
4641 mortgagee or an assignee of the mortgagee agrees to accept less than  
4642 the outstanding loan balance in full or partial satisfaction of the  
4643 mortgage debt and the proceeds of the sale are paid to the mortgagee  
4644 or an assignee of the mortgagee.

4645        (12) "Unique identifier" has the same meaning as provided in  
4646 section 36a-485, as amended by this act.

4647        (b) No person shall engage or offer to engage in debt negotiation in  
4648 this state [without a license issued under this section for each location  
4649 where debt negotiation will be conducted. Any person desiring to  
4650 obtain such a license shall file with the commissioner an application  
4651 under oath, setting forth such information as the commissioner may  
4652 require. Each applicant for a license and each licensee shall notify the  
4653 commissioner of any change in the applicant's business from that  
4654 stated in the application for the license] unless such person has first  
4655 obtained a license for its main office and for each branch office where  
4656 such business is conducted in accordance with the provisions of  
4657 sections 36a-671 to 36a-671f, inclusive, as amended by this act. Any  
4658 activity subject to licensure pursuant to sections 36a-671 to 36a-671f,  
4659 inclusive, as amended by this act, shall be conducted from an office  
4660 located in a state, as defined in section 36a-2. A person is engaging in  
4661 debt negotiation in this state if such person: (1) Has a place of business  
4662 located within this state; (2) has a place of business located outside of  
4663 this state and the debtor is a resident of this state who negotiates or  
4664 agrees to the terms of the services in person, by mail, by telephone or  
4665 via the Internet; or (3) has its place of business located outside of this  
4666 state and the services concern a debt that is secured by property  
4667 located within this state.



4668 (c) An application for an original or renewal debt negotiation license  
4669 shall be [in writing on a form provided by the commissioner and shall  
4670 include (1) the history of criminal convictions of the (A) applicant, (B)  
4671 partners, if the applicant is a partnership, (C) members, if the applicant  
4672 is a limited liability company or association, or (D) officers, directors  
4673 and principal employees, if the applicant is a corporation; and (2)  
4674 sufficient information pertaining to the history of criminal convictions,  
4675 in a form acceptable to the commissioner, on such applicant, partners,  
4676 members, officers, directors and principal employees as the  
4677 commissioner deems necessary to make the findings under subsection  
4678 (d) of this section. The commissioner, in accordance with section 29-  
4679 17a, may conduct a state and national criminal history records check of  
4680 the applicant and of each partner, member, officer, director and  
4681 principal employee of the applicant] made and processed on the  
4682 system pursuant to section 36a-24b, in the form prescribed by the  
4683 commissioner. Each such form shall contain content as set forth by  
4684 instruction or procedure of the commissioner and may be changed or  
4685 updated as necessary by the commissioner in order to carry out the  
4686 purposes of sections 36a-671 to 36a-671f, inclusive, as amended by this  
4687 act. The applicant shall, at a minimum, furnish to the system  
4688 information concerning the identity of the applicant, any control  
4689 person of the applicant, the qualified individual and any branch  
4690 manager responsible for the actions of the applicant, including, but not  
4691 limited to, information related to such person's personal history and  
4692 experience, and any administrative, civil or criminal findings by any  
4693 governmental jurisdiction. As part of the application, the  
4694 commissioner may (1) in accordance with section 29-17a, conduct a  
4695 state or national criminal history records check of the applicant, any  
4696 control person of the applicant, the qualified individual or any branch  
4697 manager, and (2) in accordance with section 36a-24b (A) require the  
4698 submission of fingerprints of the applicant, any control person of the  
4699 applicant, the qualified individual or any branch manager to the  
4700 Federal Bureau of Investigation or other state, national or international  
4701 criminal databases, and (B) investigate the financial condition of any  
4702 such person and require authorization from any such person for the

4703 system and the commissioner to obtain an independent credit report  
4704 from a consumer reporting agency, as described in Section 603(p) of  
4705 the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to  
4706 time. The commissioner may deem an application for a debt  
4707 negotiation license abandoned if the applicant fails to respond to any  
4708 request for information required under sections 36a-671 to [36a-671e]  
4709 36a-671f, inclusive, as amended by this act, or any regulations adopted  
4710 pursuant to said sections 36a-671 to [36a-671e] 36a-671f, inclusive, as  
4711 amended by this act. The commissioner shall notify the applicant [, in  
4712 writing,] on the system that if the applicant fails to submit such  
4713 information not later than sixty days after the date on which such  
4714 request for information was made, the application shall be deemed  
4715 abandoned. An application filing fee paid prior to the date an  
4716 application is deemed abandoned pursuant to this subsection shall not  
4717 be refunded. Abandonment of an application pursuant to this  
4718 subsection shall not preclude the applicant from submitting a new  
4719 application for a license under sections 36a-671 to [36a-671e] 36a-671f,  
4720 inclusive, as amended by this act.

4721 (d) (1) If the commissioner finds, upon the filing of an application  
4722 for a debt negotiation license, that: [(1)] (A) The financial  
4723 responsibility, character, reputation, integrity and general fitness of the  
4724 [(A)] applicant [, (B) partners thereof, if the applicant is a partnership,  
4725 (C) members, if the applicant is a limited liability company or  
4726 association, and (D) officers, directors and principal employees, if the  
4727 applicant is a corporation,] and any control person, qualified  
4728 individual and branch manager of the applicant are such as to warrant  
4729 belief that the business will be operated soundly and efficiently, in the  
4730 public interest and consistent with the purposes of sections 36a-671 to  
4731 36a-671f, inclusive, as amended by this act; [and (2)] (B) the applicant is  
4732 solvent and no proceeding in bankruptcy, receivership or assignment  
4733 for the benefit of creditors has been commenced against the applicant;  
4734 [,] and (C) the applicant has the bond required by section 36a-671d, as  
4735 amended by this act, the commissioner may thereupon issue the  
4736 applicant a debt negotiation license. [Such debt negotiation license

4737 shall not be transferable. Any change of location of a licensee shall  
4738 require prior written notice to the commissioner. No licensee shall use  
4739 any name unless such name has been approved by the commissioner.]  
4740 If the commissioner fails to make such findings, the commissioner  
4741 shall not issue a license and shall notify the applicant of the reasons for  
4742 such denial. The commissioner may deny an application if the  
4743 commissioner finds that the applicant or any [partner, member, officer,  
4744 director or principal employee] control person, qualified individual or  
4745 branch manager of the applicant has been convicted of any  
4746 misdemeanor involving any aspect of the debt negotiation business or  
4747 any felony or has made a material misstatement in the application.  
4748 Any denial of an application by the commissioner shall, when  
4749 applicable, be subject to the provisions of section 46a-80. [Withdrawal  
4750 of an application for a license shall become effective upon receipt by  
4751 the commissioner of a notice of intent to withdraw such application.  
4752 The commissioner may deny a license up to the date one year after the  
4753 effective date of withdrawal.]

4754 (2) The minimum standards for renewal of a debt negotiation  
4755 license shall include the following: (A) The applicant continues to meet  
4756 the minimum standards for license issuance under subdivision (1) of  
4757 this subsection; (B) the applicant has paid all required fees for renewal  
4758 of the license; and (C) the applicant has paid any outstanding  
4759 examination fees or other moneys due to the commissioner. The  
4760 license of a debt negotiator failing to satisfy the minimum standards  
4761 for license renewal shall expire. The commissioner may adopt  
4762 procedures for the reinstatement of expired licenses consistent with the  
4763 standards established by the system.

4764 (e) [Each applicant for an original or renewal debt negotiation  
4765 license shall, at the time of making such application, pay to the  
4766 commissioner an application fee of one thousand six hundred dollars,  
4767 provided, if such application is filed not earlier than one year before  
4768 the date such license will expire, such person shall pay a license fee of  
4769 eight hundred dollars. Each such license shall expire at the close of  
4770 business on September thirtieth of the odd-numbered year following

4771 its issuance unless such license is renewed. Each licensee shall, on or  
4772 before September first of the year in which the license expires, file such  
4773 renewal application as the commissioner may require. Whenever an  
4774 application for a license is filed under this section by any person who  
4775 was a licensee under this section and whose license expired less than  
4776 sixty days prior to the date such application was filed, such application  
4777 shall be accompanied by a one-hundred-dollar processing fee in  
4778 addition to the application fee.] Each applicant for a debt negotiation  
4779 license shall pay to the system any required fees or charges and a  
4780 license fee of eight hundred dollars. Each such license shall expire at  
4781 the close of business on December thirty-first of the year in which the  
4782 license was approved, unless such license is renewed, except that any  
4783 such license approved on or after November first shall expire at the  
4784 close of business on December thirty-first of the year following the  
4785 year in which it is approved. An application for renewal of a license  
4786 shall be filed between November first and December thirty-first of the  
4787 year in which the license expires. Each applicant for renewal of a debt  
4788 negotiation license shall pay to the system any required fees or charges  
4789 and a renewal fee of eight hundred dollars.

4790 (f) [If the commissioner determines that a check filed with the  
4791 commissioner to pay an application fee has been dishonored, the  
4792 commissioner shall automatically suspend the license or a renewal  
4793 license that has been issued but is not yet effective. The commissioner  
4794 shall give the licensee notice of the automatic suspension pending  
4795 proceedings for revocation or refusal to renew and an opportunity for  
4796 a hearing on such actions in accordance with section 36a-51.] The  
4797 commissioner may automatically suspend a license if the licensee  
4798 receives a deficiency on the system indicating that a required payment  
4799 was Returned-ACH or returned pursuant to such other term as may be  
4800 utilized by the system to indicate that the payment was not accepted.  
4801 After a license has been automatically suspended pursuant to this  
4802 section, the commissioner shall (1) give the licensee notice of the  
4803 automatic suspension, pending proceedings for revocation or refusal  
4804 to renew pursuant to section 36a-671a, as amended by this act, and an

4805 opportunity for a hearing on such action in accordance with section  
4806 36a-51, as amended by this act, and (2) require such licensee to take or  
4807 refrain from taking such action as the commissioner deems necessary  
4808 to effectuate the purposes of this section.

4809 (g) No abatement of the license fee shall be made if the application  
4810 is denied or withdrawn prior to issuance of the license or if the license  
4811 is surrendered, revoked or suspended prior to the expiration of the  
4812 period for which it was issued. [The fee] All fees required by  
4813 subsection (e) of this section shall be nonrefundable.

4814 (h) The license shall not be transferable or assignable. Any change in  
4815 any control person of the license, except a change of a director, general  
4816 partner or executive officer that is not the result of an acquisition or  
4817 change of control of the licensee, shall be the subject of an advance  
4818 change notice filed on the system at least thirty days prior to the  
4819 effective date of such change and no such change shall occur without  
4820 the commissioner's approval.

4821 (i) No licensee may use any name other than its legal name or a  
4822 fictitious name approved by the commissioner, provided such licensee  
4823 may not use its legal name if the commissioner disapproves use of  
4824 such name. No licensee shall use any name or address other than the  
4825 name and address specified on the license issued by the commissioner.  
4826 A licensee may change the name of the licensee or the address of the  
4827 office specified on the most recent filing with the system if, at least  
4828 thirty calendar days prior to such change, the licensee files such  
4829 change with the system and provides to the commissioner a bond  
4830 rider, endorsement or addendum, as applicable, and the commissioner  
4831 does not disapprove such change, in writing, or request further  
4832 information within such thirty-day period.

4833 (j) The commissioner may automatically suspend any license for a  
4834 violation of subsection (h) or (i) of this section. After a license has been  
4835 automatically suspended pursuant to this subsection, the  
4836 commissioner shall (1) give the licensee notice of the automatic

4837 suspension, pending proceedings for revocation of or refusal to renew  
4838 the license pursuant to section 36a-671a, as amended by this act, and  
4839 an opportunity for a hearing in accordance with section 36a-51, as  
4840 amended by this act, and (2) require the licensee to take or refrain from  
4841 taking action as the commissioner deems necessary to effectuate the  
4842 purpose of this section.

4843 (k) Not later than fifteen days after the date a licensee ceases to  
4844 engage in the business of debt negotiation in this state for any reason,  
4845 including, but not limited to, a business decision to terminate  
4846 operations in this state, bankruptcy or voluntary dissolution, such  
4847 licensee shall surrender to the commissioner its license for each  
4848 location in which such licensee has ceased to engage in such business  
4849 in accordance with subsection (c) of section 36a-51, as amended by this  
4850 act.

4851 (l) Except as otherwise specified in subsections (h) and (i) of this  
4852 section, each debt negotiation applicant or licensee, and each  
4853 individual designated as a control person, qualified individual or  
4854 branch manager of such applicant or licensee, shall file on the system  
4855 any change in the information most recently submitted to the system  
4856 by such applicant, licensee, control person, qualified individual or  
4857 branch manager in connection with the application or license, or, if the  
4858 information cannot be filed on the system, notify the commissioner of  
4859 such change, in writing, not later than fifteen days from the date such  
4860 applicant, licensee, control person, qualified individual or branch  
4861 manager had reason to know of the change. A debt negotiation  
4862 licensee shall file with the system or, if the information cannot be filed  
4863 on the system, notify the commissioner, in writing, not later than  
4864 fifteen days after the date the licensee had reason to know of the  
4865 occurrence of any of the following events:

4866 (1) Filing for bankruptcy or the consummation of a corporate  
4867 restructuring of the licensee;

4868 (2) Filing of a criminal indictment against the licensee for activities

4869 related to debt negotiation, or receiving notification of the filing of any  
4870 criminal felony indictment or felony conviction of any control person,  
4871 branch manager or qualified individual of the licensee;

4872 (3) Receiving notification of the institution of license denial, cease  
4873 and desist, suspension or revocation procedures, or other formal or  
4874 informal regulatory action by any governmental agency against the  
4875 licensee or any control person, branch manager or qualified individual  
4876 of the licensee and the reasons therefor;

4877 (4) Receiving notification of the initiation of any action against the  
4878 licensee or any control person, branch manager or qualified individual  
4879 of the licensee by the Attorney General or the attorney general of any  
4880 other state and the reasons therefor; or

4881 (5) Receiving notification of filing for bankruptcy of any control  
4882 person, branch manager or qualified individual of the licensee.

4883 (m) Any person making any filing or submission of any information  
4884 on the system shall do so in accordance with the procedures and  
4885 requirements of the system and pay the applicable fees or charges to  
4886 the system. Each debt negotiation licensee shall, to the extent required  
4887 by the system, timely submit to the system accurate reports of  
4888 condition that shall be in such form and shall contain such information  
4889 as the system may require. Failure by a licensee to submit a timely and  
4890 accurate report of condition shall constitute a violation of this  
4891 provision.

4892 (n) The unique identifier of any person licensed under section 36a-  
4893 671, as amended by this act, shall be clearly shown on all solicitations  
4894 and advertisements, including business cards and Internet web sites,  
4895 and any other documents as established by rule, regulation or order of  
4896 the commissioner, and shall be clearly stated in all audio solicitations  
4897 and advertisements. The solicitations and advertisements of any  
4898 person licensed under section 36a-671, as amended by this act: (1) Shall  
4899 not include any statement that such person is endorsed in any way by  
4900 this state, except that such solicitations and advertisements may

4901 include a statement that such person is licensed in this state; (2) shall  
4902 not include any statement or claim that is deceptive, false or  
4903 misleading; (3) shall otherwise conform to the requirements of sections  
4904 36a-671 to 36a-671f, inclusive, as amended by this act, any regulations  
4905 issued thereunder and any other applicable law; and (4) shall be  
4906 retained for two years from the date of use of such solicitation or  
4907 advertisement.

4908 Sec. 68. Section 36a-671a of the general statutes is repealed and the  
4909 following is substituted in lieu thereof (*Effective October 1, 2018*):

4910 (a) The commissioner may suspend, revoke or refuse to renew any  
4911 license or take any other action, in accordance with the provisions of  
4912 section 36a-51, as amended by this act, for any reason that would be  
4913 sufficient grounds for the commissioner to deny an application for a  
4914 license under sections 36a-671 to [36a-671e] 36a-671f, inclusive, as  
4915 amended by this act, or if the commissioner finds that the licensee or  
4916 any [proprietor, director, officer, member, partner, shareholder]  
4917 control person, qualified individual, branch manager, trustee,  
4918 employee or agent of such licensee has done any of the following: (1)  
4919 Made any material misstatement in the application; (2) committed any  
4920 fraud or misappropriated funds; (3) violated any [of the provisions of  
4921 sections 36a-671 to 36a-671e, inclusive] provision of this title or of any  
4922 regulation or order adopted or issued pursuant thereto pertaining to  
4923 such person, or any other law or regulation applicable to the conduct  
4924 of [its] such licensee's debt negotiation business; or (4) failed to  
4925 perform any agreement with a debtor.

4926 (b) Whenever it appears to the commissioner that (1) any person has  
4927 violated, is violating or is about to violate the provisions of sections  
4928 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, or any  
4929 regulation adopted thereunder; (2) any person is, was or would be a  
4930 cause of the violation of any such provision or regulation due to an act  
4931 or omission such person knew or should have known would  
4932 contribute to such violation; or (3) any licensee or any [proprietor,  
4933 director, officer, member, partner, shareholder] control person,



4934 qualified individual, branch manager, trustee, employee or agent of  
4935 such licensee has committed any fraud, misappropriated funds or  
4936 failed to perform any agreement with a debtor, the commissioner may  
4937 take action against such person or licensee in accordance with sections  
4938 36a-50 and 36a-52. For purposes of sections 36a-671 to [36a-671e] 36a-  
4939 671f, inclusive, as amended by this act, each engagement and each  
4940 offer to engage in debt negotiation shall constitute a separate violation.

4941 (c) Upon complaint, the commissioner may review any fees or  
4942 charges assessed by a person engaging or offering to engage in debt  
4943 negotiation services and order the reduction of such fees or charges or  
4944 repayment of such amount of the fees or charges that the  
4945 commissioner deems excessive, taking into consideration the fees that  
4946 other persons performing similar debt negotiation services charge for  
4947 such services and the benefit to the consumer of such services. In  
4948 conducting an investigation pursuant to this subsection, the  
4949 commissioner shall have the same authority as specified in section 36a-  
4950 17, as amended by this act.

4951 (d) The commissioner may order a licensee to remove any  
4952 individual conducting business under sections 36a-671 to 36a-671f,  
4953 inclusive, as amended by this act, from office and from employment or  
4954 retention as an independent contractor in the debt negotiation business  
4955 in this state in accordance with section 5 of this act.

4956 (e) The commissioner may issue a temporary order to cease business  
4957 under a license if the commissioner determines that such license was  
4958 issued erroneously. Such temporary order shall be issued in  
4959 accordance with subsection (j) of section 36a-24b.

4960 Sec. 69. Section 36a-671d of the general statutes is repealed and the  
4961 following is substituted in lieu thereof (*Effective October 1, 2018*):

4962 (a) (1) No debt negotiation license, and no renewal thereof, shall be  
4963 granted unless the applicant has filed the surety bond required by this  
4964 section, which bond shall be written by a surety authorized to write  
4965 such bonds in this state.

4966 (2) No application for a debt negotiation license for a main office,  
4967 and no renewal of such a license, shall be granted unless the applicant  
4968 has filed a single surety bond with the commissioner in an aggregate  
4969 amount of fifty thousand dollars, or such other amount required by  
4970 subdivision (4) of this subsection. No application for a debt negotiation  
4971 license branch office, and no renewal of such a license, shall be granted  
4972 unless the applicant has identified such branch office as a bonded  
4973 location by addendum to the main office surety bond required by this  
4974 section.

4975 (3) Each debt negotiation licensee shall file a single surety bond that  
4976 complies with the requirements of this section in connection with the  
4977 main office license with the commissioner in an aggregate amount of  
4978 fifty thousand dollars or such other amount required in subdivision (4)  
4979 of this subsection, which bond shall identify any licensed branch office  
4980 as a bonded location on such bond by addendum.

4981 (4) In the case of a debt negotiation licensee engaging or offering to  
4982 engage in the business of negotiating residential mortgage loans on  
4983 behalf of mortgagors, such debt negotiation licensee shall file a bond in  
4984 the penal sum amount set forth in subsection (e) of this section based  
4985 on the aggregate dollar amount of the residential mortgage loans  
4986 negotiated or offered to be negotiated by its sponsored mortgage loan  
4987 originator licensees. The principal on a bond required by this  
4988 subdivision shall [annually] file quarterly reports on the system  
4989 reflecting residential mortgage loan volume in accordance with  
4990 subsection (g) of this section and subsection (m) of section 36a-671, as  
4991 amended by this act, to confirm that it maintains the required penal  
4992 sum in the amount required by this subdivision.

4993 (5) [Not later than September 1, 2012, and each September first  
4994 thereafter, a] Each debt negotiation licensee shall file with the  
4995 commissioner such information as the commissioner may require to  
4996 confirm that the penal sum of the bond remains consistent with the  
4997 amount required by this section. The principal shall file, [not later than  
4998 September first of the applicable year, or on such other date] as the

4999 commissioner may require, [pursuant to subsection (g) of this section,  
5000 any bond rider or endorsement to the surety bond on file with the  
5001 commissioner to reflect any changes necessary to maintain the surety  
5002 bond coverage required by this section.

5003 (b) The form of any surety bond submitted pursuant to subsection  
5004 (a) of this section shall be approved by the Attorney General. Any  
5005 surety bond filed under subsection (a) of this section shall be  
5006 conditioned upon the debt negotiation licensee and any sponsored  
5007 mortgage loan originator licensee faithfully performing any and all  
5008 written agreements or commitments with or for the benefit of debtors  
5009 and mortgagors, as applicable, truly and faithfully accounting for all  
5010 funds received from a debtor or mortgagor by the principal or a  
5011 mortgage loan originator sponsored by the principal in the principal's  
5012 capacity as debt negotiation licensee, and conducting such business  
5013 consistent with the provisions of sections 36a-485 to [36a-498f] 36a-  
5014 498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as  
5015 amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as  
5016 amended by this act. Any debtor or mortgagor who may be damaged  
5017 by a failure to perform any written agreements, by the wrongful  
5018 conversion of funds paid by a debtor or mortgagor to a debt  
5019 negotiation licensee or mortgage loan originator licensee, or by  
5020 conduct inconsistent with the provisions of sections 36a-485 to [36a-  
5021 498f] 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as  
5022 amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as  
5023 amended by this act, may proceed on any such surety bond against the  
5024 principal or surety thereon, or both, to recover damages. The  
5025 commissioner may proceed on any such surety bond against the  
5026 principal or surety thereon, or both, to collect any civil penalty  
5027 imposed upon the licensee pursuant to subsection (a) of section 36a-50  
5028 and any unpaid costs of examination of a licensee as determined  
5029 pursuant to section 36a-65, as amended by this act, and effective April  
5030 1, 2019, any restitution imposed pursuant to subsection (c) of section  
5031 36a-50. The proceeds of any bond, even if commingled with other  
5032 assets of the principal, shall be deemed by operation of law to be held

5033 in trust for the benefit of such claimants against the principal in the  
5034 event of bankruptcy of the principal and shall be immune from  
5035 attachment by creditors and judgment creditors. Any bond required by  
5036 this section shall be maintained during the entire period of the license  
5037 granted to the applicant, and the aggregate liability under any such  
5038 bond shall not exceed the penal amount of the bond. The principal  
5039 shall notify the commissioner of the commencement of an action on the  
5040 bond. When an action is commenced on a principal's bond, the  
5041 commissioner may require the filing of a new bond and immediately  
5042 on recovery on any action on the bond, the principal shall file a new  
5043 bond. Any mortgagor or prospective mortgagor who may be damaged  
5044 by a failure of the debt negotiation licensee or mortgage loan  
5045 originator licensee to satisfy a judgment against the licensee arising  
5046 from the negotiation of or offer to negotiate a nonprime home loan, as  
5047 defined in section 36a-760, may proceed on such bond against the  
5048 principal or surety on such bond, or both, to recover the amount of the  
5049 judgment.

5050 (c) The surety shall have the right to cancel any bond written or  
5051 issued under subsection (a) of this section at any time by a written  
5052 notice to the debt negotiation licensee and the commissioner stating  
5053 the date cancellation shall take effect. [Such notice] If such bond is  
5054 issued electronically on the system, written notice of cancellation may  
5055 be provided by the surety to the licensee and the commissioner  
5056 through the system at least thirty days prior to the date of cancellation.  
5057 Any notice of cancellation not provided through the system shall be  
5058 sent by certified mail to the licensee and the commissioner at least  
5059 thirty days prior to the date of cancellation. No such bond shall be  
5060 cancelled unless the surety notifies the commissioner in writing not  
5061 less than thirty days prior to the effective date of cancellation. After  
5062 receipt of such notification from the surety, the commissioner shall  
5063 give written notice to the debt negotiation licensee of the date such  
5064 bond cancellation shall take effect. The commissioner shall  
5065 automatically suspend the licenses of the debt negotiation licensee on  
5066 such date and inactivate the license of any sponsored mortgage loan

5067 originator, unless prior to such date the debt negotiation licensee  
5068 submits a letter of reinstatement of the bond from the surety or a new  
5069 bond, surrenders all licenses or, in the case of a mortgage loan  
5070 originator sponsored by a debt negotiation licensee, the sponsorship  
5071 has been terminated and a new sponsor has been requested and  
5072 approved. After a license has been automatically suspended, the  
5073 commissioner shall (1) give the debt negotiation licensee notice of the  
5074 automatic suspension pending proceedings for revocation or refusal to  
5075 renew and an opportunity for a hearing on such actions in accordance  
5076 with section 36a-51, as amended by this act, and [shall] (2) require the  
5077 debt negotiation licensee to take or refrain from taking such action as [,  
5078 in the opinion of] the commissioner [, will] deems necessary to  
5079 effectuate the purposes of this section.

5080 (d) No licensee shall use, attempt to use or make reference to, either  
5081 directly or indirectly, any word or phrase that states or implies that the  
5082 licensee is endorsed, sponsored, recommended, bonded or insured by  
5083 the state.

5084 (e) The penal sum of the bond required by subdivision (4) of  
5085 subsection (a) of this section shall be determined as follows:

5086 (1) An initial applicant for a debt negotiation license shall file a bond  
5087 in a penal sum of fifty thousand dollars.

5088 (2) A debt negotiation licensee exempt from licensure as a mortgage  
5089 lender, mortgage correspondent lender or mortgage broker pursuant  
5090 to subdivision (4) of subsection (a) of section 36a-487, as amended by  
5091 this act, and sponsoring and bonding at least one mortgage loan  
5092 originator as an exempt registrant under subdivision (2) of subsection  
5093 (a) and subsection (d) of section 36a-487, as amended by this act, shall  
5094 file a bond with a penal sum in the following amount:

5095 (A) If the aggregate dollar amount of all residential mortgage loans  
5096 negotiated or offered to be negotiated by all sponsored mortgage loan  
5097 originators during the preceding twelve-month period ending July  
5098 thirty-first of the current year is less than thirty million dollars, the

5099 penal sum of the bond shall be fifty thousand dollars;

5100 (B) If the aggregate dollar amount of all residential mortgage loans  
5101 negotiated or offered to be negotiated by all sponsored mortgage loan  
5102 originators during the preceding twelve-month period ending July  
5103 thirty-first of the current year is thirty million dollars or more but less  
5104 than fifty million dollars, the penal sum of the bond shall be one  
5105 hundred thousand dollars; and

5106 (C) If the aggregate dollar amount of all residential mortgage loans  
5107 negotiated or offered to be negotiated by all sponsored mortgage loan  
5108 originators during the preceding twelve-month period ending July  
5109 thirty-first of the current year is fifty million dollars or more, the penal  
5110 sum of the bond shall be one hundred fifty thousand dollars.

5111 (f) For purposes of subsection (e) of this section, "the aggregate  
5112 dollar amount of all residential mortgage loans negotiated or offered to  
5113 be negotiated" means the aggregate underlying dollar amount of all  
5114 residential mortgage loans for which a sponsored mortgage loan  
5115 originator provides debt negotiation services.

5116 (g) Financial information necessary to verify the aggregate amount  
5117 of residential mortgage loans negotiated or offered to be negotiated  
5118 shall be filed with the commissioner as the commissioner may require,  
5119 and shall be reported on the system [, as defined in section 36a-485,] at  
5120 such time and in such form as the system may require. The  
5121 commissioner may require a change in the penal sum of the bond if the  
5122 commissioner determines at any time that the aggregate dollar amount  
5123 of all residential mortgage loans negotiated or offered to be negotiated  
5124 warrants a change in the penal sum of the bond.

5125 (h) The commissioner may adopt regulations in accordance with  
5126 chapter 54 with respect to the requirements for such surety bonds.

5127 Sec. 70. Subdivision (2) of section 36a-715 of the general statutes is  
5128 repealed and the following is substituted in lieu thereof (*Effective*  
5129 *October 1, 2018*):

5130 (2) The terms "advertise or advertising", "control person",  
5131 "individual", "main office", "mortgage broker", "mortgage  
5132 correspondent lender", "mortgage lender", "office", [and] "person" and  
5133 "unique identifier" have the same meanings as provided in section 36a-  
5134 485, as amended by this act.

5135 Sec. 71. Section 36a-718 of the general statutes is repealed and the  
5136 following is substituted in lieu thereof (*Effective October 1, 2018*):

5137 (a) On and after January 1, 2015, no person shall act as a mortgage  
5138 servicer, directly or indirectly, without first obtaining a license under  
5139 section 36a-719, as amended by this act, from the commissioner for its  
5140 main office and for each branch office where such business is  
5141 conducted, unless such person is exempt from licensure pursuant to  
5142 subsection (b) of this section. Any activity subject to licensure pursuant  
5143 to sections 36a-715 to 36a-719l, inclusive, as amended by this act, shall  
5144 be conducted from an office located in a state, as defined in section  
5145 36a-2.

5146 (b) The following persons are exempt from mortgage servicer  
5147 licensing requirements: (1) Any bank, out-of-state bank, Connecticut  
5148 credit union, federal credit union or out-of-state credit union, provided  
5149 such bank or credit union is federally insured; (2) any wholly-owned  
5150 subsidiary of such bank or credit union; (3) any operating subsidiary  
5151 where each owner of such operating subsidiary is wholly owned by  
5152 the same such bank or credit union; (4) any person licensed as a  
5153 mortgage lender in this state while acting as a mortgage servicer from  
5154 a location licensed as a main office or branch office under sections 36a-  
5155 485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a  
5156 and 36a-534b, as amended by this act, provided (A) such person meets  
5157 the supplemental mortgage servicer surety bond, fidelity bond and  
5158 errors and omissions coverage requirements under section 36a-719c, as  
5159 amended by this act, and (B) during any period that the license of the  
5160 mortgage lender in this state has been suspended, such exemption  
5161 shall not be effective; and (5) any person licensed as a mortgage  
5162 correspondent lender in this state while acting as a mortgage servicer

5163 with respect to any residential mortgage loan it has made and during  
5164 the permitted ninety-day holding period for such loan from a location  
5165 licensed as a main office or branch office under sections 36a-485 to  
5166 [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and  
5167 36a-534b, as amended by this act, provided during any period the  
5168 license of the mortgage correspondent lender in this state has been  
5169 suspended, such exemption shall not be effective.

5170 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, as  
5171 amended by this act, shall apply to any person, including a person  
5172 exempt from licensure pursuant to subsection (b) of this section, who  
5173 acts as a mortgage servicer in this state on or after January 1, 2015.

5174 Sec. 72. Section 36a-719 of the 2018 supplement to the general  
5175 statutes is repealed and the following is substituted in lieu thereof  
5176 (*Effective October 1, 2018*):

5177 (a) The [Banking Commissioner] commissioner shall issue a  
5178 mortgage servicer license to an applicant for such license if the  
5179 commissioner finds that: (1) The applicant has identified a qualified  
5180 individual for its main office and a branch manager for each branch  
5181 office where such business is conducted, provided such qualified  
5182 individual and branch manager have supervisory authority over the  
5183 mortgage servicer activities at the respective office location and at least  
5184 three years' experience in the mortgage servicing business within the  
5185 five years immediately preceding the date of the application for  
5186 licensure; (2) notwithstanding the provisions of section 46a-80, the  
5187 applicant, the control persons of the applicant, the qualified individual  
5188 and any branch manager [with supervisory authority at the office for  
5189 which the license is sought] have not been convicted of or pled guilty  
5190 or nolo contendere to, in a domestic, foreign or military court, a felony  
5191 during the seven-year period preceding the date of the application for  
5192 licensing or a felony involving an act of fraud or dishonesty, a breach  
5193 of trust or money laundering at any time preceding the date of  
5194 application, provided any pardon or expungement of a conviction  
5195 shall not be a conviction for purposes of this subdivision; (3) the



5196 applicant demonstrates that the financial responsibility, character and  
5197 general fitness of the applicant, the control persons of the applicant,  
5198 the qualified individual and any branch manager [having supervisory  
5199 authority over the office for which the license is sought] command the  
5200 confidence of the community and warrant a determination that the  
5201 applicant will operate honestly, fairly and efficiently within the  
5202 purposes of sections 36a-715 to 36a-719l, inclusive, as amended by this  
5203 act; (4) the applicant has met the surety bond, fidelity bond and errors  
5204 and omissions coverage requirement under section 36a-719c, as  
5205 amended by this act; (5) the applicant, [has] the control persons of the  
5206 applicant, the qualified individual and any branch manager have not  
5207 made a material misstatement in the application; and (6) the applicant  
5208 has met any other similar requirements as determined by the  
5209 commissioner. If the commissioner fails to make such findings, the  
5210 commissioner shall not issue a license, and shall notify the applicant of  
5211 the denial and the reasons for such denial. The commissioner may  
5212 waive the requirements of subdivision (1) of this subsection relating to  
5213 the supervision and experience of (A) a qualified individual where the  
5214 applicant establishes to the satisfaction of the commissioner that the  
5215 applicant (i) will not conduct any activity subject to licensure under  
5216 sections 36a-715 to 36a-719l, inclusive, as amended by this act, at the  
5217 main office, and (ii) has designated a qualified individual who is  
5218 responsible for the actions of the applicant; and (B) a qualified  
5219 individual or a branch manager where the applicant establishes to the  
5220 satisfaction of the commissioner that the applicant (i) holds only  
5221 mortgage servicing rights at the main office or branch office and  
5222 conducts no other activity at such office, and (ii) has designated a  
5223 qualified individual or branch manager at such main office or branch  
5224 office who is responsible for the actions of the application. No person  
5225 licensed as a mortgage servicer and granted a waiver by the  
5226 commissioner shall engage in any activity that would have precluded  
5227 the issuance of such waiver without first designating a qualified  
5228 individual or branch manager, as the case may be, who meets all  
5229 applicable requirements of subdivision (1) of this subsection and is  
5230 approved by the commissioner. For purposes of this subsection, the

5231 level of offense of the crime and the status of any conviction, pardon or  
5232 expungement shall be determined by reference to the law of the  
5233 jurisdiction where the case was prosecuted. In the event such  
5234 jurisdiction does not use the term "felony", "pardon" or  
5235 "expungement", such terms shall include legally equivalent events. For  
5236 purposes of subdivision (1) of this subsection, "experience in the  
5237 mortgage servicing business" means paid experience in the [(A)] (I)  
5238 servicing of mortgage loans, [(B)] (II) accounting, receipt and  
5239 processing of payments on behalf of mortgagees or creditors, or [(C)]  
5240 (III) supervision of such activities, or any other relevant experience as  
5241 determined by the commissioner, and "at the respective office location"  
5242 may be established if the qualified individual or branch manager  
5243 resides not more than one hundred miles from the location of the office  
5244 or otherwise demonstrates to the satisfaction of the commissioner an  
5245 ability to provide full-time, in-person supervision of the office.

5246 (b) An application for a license as a mortgage servicer or renewal of  
5247 such license shall be [filed,] made and processed on the system  
5248 pursuant to section 36a-24b in a form prescribed by the commissioner  
5249 [ , with the system] and accompanied by the fees required by section  
5250 36a-719b. Each such form shall contain content as set forth by  
5251 instruction or procedure of the commissioner and may be changed or  
5252 updated as necessary by the commissioner in order to carry out the  
5253 purpose of sections 36a-715 to [36a-718, inclusive, and sections 36a-  
5254 719a to] 36a-719l, inclusive, as amended by this act. The applicant  
5255 shall, at a minimum, furnish to the system information concerning the  
5256 identity of the applicant, any control person of the applicant, the  
5257 qualified individual and any branch manager, including personal  
5258 history and experience in a form prescribed by the system and  
5259 information related to any administrative, civil or criminal findings by  
5260 any governmental jurisdiction. [The applicant shall notify the  
5261 commissioner on the system of any change to the information  
5262 submitted in connection with its most recent application for licensure  
5263 not later than fifteen days after the applicant has reason to know of  
5264 such change.] For the purpose of this subsection, evidence of

5265 experience of the qualified individual and any branch manager shall  
5266 include: (1) A statement specifying the duties and responsibilities of  
5267 such person's employment, the term of employment, including month  
5268 and year, and the name, address and telephone number of a  
5269 supervisor, employer or, if self-employed, a business reference; and (2)  
5270 if required by the commissioner, copies of W-2 forms, 1099 tax forms  
5271 or, if self-employed, 1120 corporate tax returns, signed letters from the  
5272 employer on the employer's letterhead verifying such person's duties  
5273 and responsibilities and term of employment including month and  
5274 year, and, if such person is unable to provide such letters, other proof  
5275 satisfactory to the commissioner that such person meets the experience  
5276 requirement. [The commissioner may conduct a criminal history  
5277 records check of the applicant, any control person of the applicant, the  
5278 qualified individual and any branch manager with supervisory  
5279 authority at the office for which the license is sought and require the  
5280 applicant to submit the fingerprints of such persons as part of the  
5281 application.] As part of an application, the commissioner may (A) in  
5282 accordance with section 29-17a, conduct a state or national criminal  
5283 history records check of the applicant, any control person of the  
5284 applicant, the qualified individual and any branch manager, and (B) in  
5285 accordance with section 36a-24b (i) require the submission of  
5286 fingerprints of the applicant, any control person of the applicant, the  
5287 qualified individual and any branch manager to the Federal Bureau of  
5288 Investigation or other state, national or international criminal  
5289 databases, and (ii) investigate the financial condition of any such  
5290 person and require authorization from any such person for the system  
5291 and the commissioner to obtain an independent credit report from a  
5292 consumer reporting agency, as described in Section 603(p) of the Fair  
5293 Credit Reporting Act, 15 USC 1681a, as amended from time to time.

5294 (c) (1) The minimum standards for license renewal for a mortgage  
5295 servicer shall include the following: (A) The applicant continues to  
5296 meet the minimum standards under subsection (a) of this section;  
5297 [and] (B) the mortgage servicer has paid all required fees for renewal  
5298 of the license; and (C) the applicant has paid any outstanding

5299 examination fees or other moneys due to the commissioner.

5300 (2) The license of a mortgage servicer failing to satisfy the minimum  
5301 standards for license renewal shall expire. The commissioner may  
5302 adopt procedures for the reinstatement of expired licenses consistent  
5303 with the standards established by the system. The commissioner may  
5304 automatically suspend a mortgage servicer license if the licensee  
5305 receives a deficiency on the system indicating that the payment  
5306 required by section 36a-719b was Returned-ACH or returned pursuant  
5307 to such other term as may be utilized by the system to indicate that the  
5308 payment was not accepted. After a license has been automatically  
5309 suspended pursuant to this section, the commissioner shall (A) give  
5310 [such] the licensee notice of the automatic suspension, pending  
5311 proceedings for revocation or refusal to renew pursuant to section 36a-  
5312 719j, as amended by this act, and an opportunity for a hearing on such  
5313 action in accordance with section 36a-51, as amended by this act, and  
5314 (B) require such licensee to take or refrain from taking such action  
5315 [that, in the opinion of] as the commissioner [, will] deems necessary to  
5316 effectuate the purposes of this section.

5317 [(d) (1) Withdrawal of an application for a license filed under this  
5318 section shall become effective upon the commissioner's acceptance on  
5319 the system of a withdrawal request. The commissioner may deny a  
5320 license up to one year after the effective date of withdrawal.

5321 (2) If the license of a mortgage servicer expires due to the licensee's  
5322 failure to renew, the commissioner may institute a revocation or  
5323 suspension proceeding or issue an order suspending or revoking such  
5324 license pursuant to subsection (a) of section 36a-719j not later than one  
5325 year after the date of such expiration.]

5326 [(e)] (d) The commissioner may deem an application for a license  
5327 under this section abandoned if the applicant fails to respond to any  
5328 request for information required under sections 36a-715 to 36a-719l,  
5329 inclusive, as amended by this act, or the regulations adopted pursuant  
5330 to said sections. The commissioner shall notify the applicant on the

5331 system that if such information is not submitted not later than sixty  
5332 days from the date of such request, the application shall be deemed  
5333 abandoned. An application filing fee paid prior to the date an  
5334 application is deemed abandoned pursuant to this subsection shall not  
5335 be refunded. Abandonment of an application pursuant to this  
5336 subsection shall not preclude the applicant from submitting a new  
5337 application for a license.

5338       [(f)] (e) As part of its application and upon a change to such  
5339 information, a mortgage servicer shall file with the commissioner a  
5340 current schedule of the ranges of costs and fees it charges mortgagors  
5341 for its servicing-related activities.

5342       (f) Any person making any filing or submission of any information  
5343 on the system shall do so in accordance with the procedures and  
5344 requirements of the system and shall pay the applicable fees or charges  
5345 to the system. Each mortgage servicer licensee shall, to the extent  
5346 required by the system, timely submit to the system accurate reports of  
5347 condition that shall be in such form and shall contain such information  
5348 as the system may require. Failure by a licensee to submit a timely and  
5349 accurate report of condition shall constitute a violation of this  
5350 provision. At least annually, a licensee shall file with the commissioner  
5351 a report in a form and format acceptable to the commissioner detailing  
5352 the mortgage servicer's activities in the state, including (1) the number  
5353 of residential mortgage loans the mortgage servicer is servicing, (2) the  
5354 type and characteristics of the residential mortgage loans in this state,  
5355 (3) the number of serviced residential mortgage loans in default, along  
5356 with a breakdown of thirty-day, sixty-day and ninety-day  
5357 delinquencies, (4) information on loss mitigation activities, and (5)  
5358 information on foreclosures commenced in this state.

5359       (g) The unique identifier of any person licensed under this section  
5360 shall be clearly shown on all solicitations and advertisements,  
5361 including business cards and Internet web sites, and any other  
5362 documents as established by rule, regulation or order of the  
5363 commissioner, and shall be clearly stated in all audio solicitations and

5364 advertisements. The solicitations and advertisements of any person  
5365 licensed under this section: (1) Shall not include any statement that  
5366 such person is endorsed in any way by this state, except that such  
5367 solicitations and advertisements may include a statement that such  
5368 person is licensed in this state; (2) shall not include any statement or  
5369 claim that is deceptive, false or misleading; (3) shall otherwise conform  
5370 to the requirements of sections 36a-715 to 36a-719l, inclusive, as  
5371 amended by this act, any regulations issued thereunder and any other  
5372 applicable law; and (4) shall be retained for two years from the date of  
5373 use of such solicitation or advertisement.

5374       Sec. 73. Section 36a-719a of the general statutes is repealed and the  
5375 following is substituted in lieu thereof (*Effective October 1, 2018*):

5376       (a) A mortgage servicer license shall not be transferable or  
5377 assignable. [No licensee may use any name other than its legal name or  
5378 a fictitious name approved by the Banking Commissioner, provided  
5379 such licensee may not use its legal name if the commissioner  
5380 disapproves use of such name.] Any change in any control person of a  
5381 licensee, except a change of a director, general partner or executive  
5382 officer that is not the result of an acquisition or change of control of the  
5383 licensee, shall be the subject of an advance change notice filed on the  
5384 system at least thirty days prior to the effective date of such change  
5385 and no such change shall occur without the commissioner's approval.  
5386 Any licensee who intends to permanently cease acting as a mortgage  
5387 servicer at any time during a license period for any cause, including,  
5388 but not limited to, bankruptcy or voluntary dissolution, shall file a  
5389 request to surrender the license in accordance with subsection (c) of  
5390 section 36a-51, as amended by this act, for each office at which the  
5391 licensee intends to cease to do business, on the system, not later than  
5392 fifteen days after the date of such cessation, provided this requirement  
5393 shall not apply when a license has been suspended pursuant to section  
5394 36a-51, as amended by this act. No surrender shall be effective until  
5395 accepted by the commissioner.

5396       (b) No licensee may use any name other than its legal name or a

5397 fictitious name approved by the commissioner, provided such licensee  
5398 may not use its legal name if the commissioner disapproves use of  
5399 such name. No licensee shall use any name or address other than the  
5400 name and address stated on the license issued by the commissioner. A  
5401 mortgage servicer licensee may change the name of the licensee or  
5402 address of any office specified on the most recent filing with the  
5403 system if (1) at least thirty calendar days prior to such change, the  
5404 licensee files such change with the system and, in the case of a main  
5405 office or branch office, provides [, directly to] the commissioner [,] a  
5406 bond rider or endorsement, or addendum, as applicable, to any bond  
5407 or evidence of errors and omissions coverage on file with the  
5408 commissioner that reflects the new name or address of the main office  
5409 or branch office; and (2) the commissioner does not disapprove such  
5410 change, in writing, or request further information within such thirty-  
5411 day period.

5412 (c) [The] Except as otherwise specified in subsections (a) and (b) of  
5413 this section, each mortgage servicer applicant or licensee, and each  
5414 individual designated as a control person, qualified individual or  
5415 branch manager of such applicant or licensee, shall file to the system  
5416 any change in the information most recently submitted to the system  
5417 by such applicant, licensee, control person, qualified individual or  
5418 branch manager in connection with the application or license, or, if the  
5419 information cannot be filed on the system, notify the commissioner of  
5420 such change, in writing, not later than fifteen days from the date such  
5421 applicant, licensee, control person, qualified individual or branch  
5422 manager had reason to know of the change. A mortgage servicer  
5423 licensee shall file with the system or, if the information cannot be filed  
5424 on the system, directly notify the commissioner, in writing, not later  
5425 than [five] fifteen business days after the licensee has reason to know  
5426 of the occurrence of any of the following events:

5427 (1) Filing for bankruptcy, or the consummation of a corporate  
5428 restructuring, of the licensee;

5429 (2) Filing of a criminal indictment against the licensee or receiving

5430 notification of the filing of any criminal felony indictment or felony  
5431 conviction of any [of the licensee's officers, directors, members,  
5432 partners or shareholders owning ten per cent or more of the  
5433 outstanding stock] control person, qualified individual or branch  
5434 manager of the licensee;

5435 (3) Receiving notification of the institution of license denial, cease  
5436 and desist, suspension or revocation procedures, or other formal or  
5437 informal regulatory action by any governmental agency against the  
5438 licensee or any control person, qualified individual or branch manager  
5439 of the licensee and the reasons for such action;

5440 (4) Receiving notification of the initiation of any action against the  
5441 licensee or any control person, qualified individual or branch manager  
5442 of the licensee by the Attorney General or the attorney general of any  
5443 other state and the reasons for such action;

5444 (5) Suspension or termination of the licensee's status as an approved  
5445 seller or servicer by the Federal National Mortgage Association,  
5446 Federal Home Loan Mortgage Corporation or Government National  
5447 Mortgage Association;

5448 (6) Receiving notification that certain servicing rights of the licensee  
5449 will be rescinded or cancelled, and the reasons provided therefor;

5450 (7) Receiving notification of filing for bankruptcy of any [of the  
5451 licensee's officers, directors, members, partners or shareholders  
5452 owning ten per cent or more of the outstanding stock] control person,  
5453 qualified individual or branch manager of the licensee; or

5454 (8) Receiving notification of the initiation of a class action lawsuit on  
5455 behalf of consumers against the licensee that is related to the operation  
5456 of the licensed business.

5457 (d) The commissioner may automatically suspend any license for a  
5458 violation of subsection (a) or (b) of this section or upon a failure of the  
5459 licensee to designate a qualified individual or branch manager who



5460 meets the requirements set forth in section 36a-719, as amended by this  
5461 act, not later than thirty days after a vacancy in the position. After a  
5462 license has been automatically suspended pursuant to this section, the  
5463 commissioner shall (1) give such licensee notice of the automatic  
5464 suspension, pending proceedings for revocation or refusal to renew  
5465 pursuant to section 36a-719j, as amended by this act, and an  
5466 opportunity for a hearing on such action in accordance with section  
5467 36a-51, as amended by this act, and (2) require such licensee to take or  
5468 refrain from taking such action as the commissioner deems necessary  
5469 to effectuate the purposes of this section.

5470 Sec. 74. Section 36a-719c of the general statutes is repealed and the  
5471 following is substituted in lieu thereof (*Effective October 1, 2018*):

5472 (a) Each mortgage servicer applicant or licensee and any person  
5473 exempt from mortgage servicer licensure pursuant to subdivision (4)  
5474 of subsection (b) of section 36a-718, as amended by this act, shall file  
5475 with the [Banking Commissioner] commissioner (1) a surety bond,  
5476 written by a surety authorized to write such bonds in this state,  
5477 covering its main office and any branch office from which it acts as  
5478 mortgage servicer, in a penal sum of one hundred thousand dollars  
5479 per office location in accordance with subsection (b) of this section, (2)  
5480 a fidelity bond, written by a surety authorized to write such bonds in  
5481 this state, in accordance with the requirements of subsection (c) of this  
5482 section, and (3) evidence of errors and omissions coverage, written by  
5483 a surety authorized to write such coverage in this state, in accordance  
5484 with the requirements of subsection (c) of this section. No mortgage  
5485 servicer licensee and no person otherwise exempt from mortgage  
5486 servicer licensure pursuant to subdivision (4) of subsection (b) of  
5487 section 36a-718, as amended by this act, shall act as a mortgage servicer  
5488 in this state without maintaining the surety bond, fidelity bond and  
5489 errors and omissions coverage required by this section.

5490 (b) The surety bond required by subsection (a) of this section shall  
5491 be (1) in a form approved by the Attorney General; and (2) conditioned  
5492 upon the mortgage servicer licensee or person exempt from mortgage

5493 servicer licensure pursuant to subdivision (4) of subsection (b) of  
5494 section 36a-718, as amended by this act, faithfully performing any and  
5495 all written agreements or commitments with or for the benefit of  
5496 mortgagors and mortgagees, truly and faithfully accounting for all  
5497 funds received from a mortgagor or mortgagee in such person's  
5498 capacity as a mortgage servicer, and conducting such mortgage  
5499 business consistent with the provisions of sections 36a-715 to 36a-719l,  
5500 inclusive, as amended by this act. Any mortgagor that may be  
5501 damaged by the failure of a mortgage servicer licensee or person  
5502 exempt from mortgage servicer licensure pursuant to subdivision (4)  
5503 of subsection (b) of section 36a-718, as amended by this act, to perform  
5504 any written agreements or commitments, or by the wrongful  
5505 conversion of funds paid by a mortgagor to such licensee or person,  
5506 may proceed on such bond against the principal or surety thereon, or  
5507 both, to recover damages. The commissioner may proceed on such  
5508 bond against the principal or surety on such bond, or both, to collect  
5509 any civil penalty imposed pursuant to subsection (a) of section 36a-50,  
5510 any restitution imposed pursuant to subsection (c) of section 36a-50  
5511 and any unpaid costs of examination of a licensee as determined  
5512 pursuant to section 36a-65, as amended by this act. The proceeds of the  
5513 bond, even if commingled with other assets of the principal, shall be  
5514 deemed by operation of law to be held in trust for the benefit of such  
5515 claimants against the principal in the event of bankruptcy of the  
5516 principal and shall be immune from attachment by creditors and  
5517 judgment creditors. The surety bond shall run concurrently with the  
5518 period of the license for the main office of the mortgage servicer or  
5519 mortgage lender and the aggregate liability under the bond shall not  
5520 exceed the penal sum of the bond. The principal shall notify the  
5521 commissioner of the commencement of an action on the bond. When  
5522 an action is commenced on a principal's bond, the commissioner may  
5523 require the filing of a new bond and immediately on recovery on any  
5524 action on the bond, the principal shall file a new bond.

5525 (c) The fidelity bond and errors and omissions coverage required by  
5526 subsection (a) of this section shall name the commissioner as an

5527 additional loss payee on drafts the surety issues to pay for covered  
5528 losses directly or indirectly incurred by mortgagors of residential  
5529 mortgage loans serviced by the mortgage servicer. The fidelity bond  
5530 shall cover losses arising from dishonest and fraudulent acts,  
5531 embezzlement, misplacement, forgery and similar events committed  
5532 by employees of the mortgage servicer. The errors and omissions  
5533 coverage shall cover losses arising from negligence, errors and  
5534 omissions by the mortgage servicer with respect to the payment of real  
5535 estate taxes and special assessments, hazard and flood insurance or the  
5536 maintenance of mortgage and guaranty insurance. The fidelity bond  
5537 and errors and omissions coverage shall each be in the following  
5538 principal amounts based on the mortgage servicer's volume of  
5539 servicing activity most recently reported to the commissioner:

5540 (1) If the amount of the residential mortgage loans serviced is one  
5541 hundred million dollars or less, the principal amount shall be at least  
5542 three hundred thousand dollars; or

5543 (2) If the amount of such loans exceeds one hundred million dollars,  
5544 the principal amount shall be at least three hundred thousand dollars  
5545 plus (A) three-twentieths of one per cent of the amount of residential  
5546 mortgage loans serviced greater than one hundred million dollars but  
5547 less than or equal to five hundred million dollars; (B) plus one-eighth  
5548 of one per cent of the amount of residential mortgage loans serviced  
5549 greater than five hundred million dollars but less than or equal to one  
5550 billion dollars; and (C) plus one-tenth of one per cent of the amount of  
5551 residential mortgage loans serviced greater than one billion dollars.

5552 The fidelity bond and errors and omissions coverage may provide for a  
5553 deductible amount not to exceed the greater of one hundred thousand  
5554 dollars or five per cent of the face amount of such bond or coverage.

5555 (d) A surety shall have the right to cancel the surety bond, fidelity  
5556 bond and errors and omissions coverage required by this section at  
5557 any time by a written notice to the principal and the commissioner  
5558 stating the date cancellation shall take effect. [Such notice] If the surety

5559 bond required by this section was issued electronically on the system,  
5560 written notice of cancellation may be provided by the surety company  
5561 to the principal and the commissioner through the system at least  
5562 thirty days prior to the date of cancellation. Any notice of cancellation  
5563 not provided through the system shall be sent by certified mail to the  
5564 principal and the commissioner at least thirty days prior to the date of  
5565 cancellation. A surety bond, fidelity bond or errors and omissions  
5566 coverage shall not be cancelled unless the surety notifies the  
5567 commissioner, in writing, not less than thirty days prior to the effective  
5568 date of cancellation. After receipt of such notification from the surety,  
5569 the commissioner shall give written notice to the principal of the date  
5570 such cancellation shall take effect. The commissioner shall  
5571 automatically suspend the license of a mortgage servicer on such date  
5572 or on any date when a fidelity bond or errors and omissions coverage  
5573 expires or is no longer in effect. No automatic suspension or  
5574 inactivation shall occur if, prior to the date that such bond or errors  
5575 and omissions coverage cancellation or expiration shall take effect, (1)  
5576 the principal submits a letter of reinstatement of the bond or errors and  
5577 omissions coverage, or a new bond or errors and omissions policy; or  
5578 (2) the mortgage servicer licensee has ceased business in this state and  
5579 has surrendered all licenses in accordance with section 36a-51, as  
5580 amended by this act, and section 36a-719a, as amended by this act.  
5581 After a mortgage servicer license has been automatically suspended  
5582 pursuant to this section, the commissioner shall (A) give [such] the  
5583 licensee notice of the automatic suspension, pending proceedings for  
5584 revocation or refusal to renew pursuant to section 36a-719j, as  
5585 amended by this act, and an opportunity for a hearing on such action  
5586 in accordance with section 36a-51, as amended by this act, and (B)  
5587 require such licensee to take or refrain from taking such action as [in  
5588 the opinion of] the commissioner [will] deems necessary to effectuate  
5589 the purposes of this section. A person licensed as a mortgage lender in  
5590 this state acting as a mortgage servicer from a location licensed as a  
5591 main office or branch office under sections 36a-485 to [36a-498f] 36a-  
5592 498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as  
5593 amended by this act, shall cease to be exempt from mortgage servicer

5594 licensing requirements in this state upon cancellation or expiration of  
5595 any surety bond, fidelity bond or errors and omissions coverage  
5596 required by this section.

5597 (e) If the commissioner finds that the financial condition of a  
5598 mortgage servicer or mortgage lender licensee so requires, as  
5599 evidenced by the reduction of tangible net worth, financial losses or  
5600 potential losses as a result of a violation of sections 36a-715 to 36a-  
5601 719k, inclusive, as amended by this act, the commissioner may require  
5602 one or more additional bonds meeting the standards set forth in this  
5603 section. The licensee shall file any such additional bonds not later than  
5604 ten days after receipt of the commissioner's written notice of such  
5605 requirement. A mortgage servicer or mortgage lender licensee shall  
5606 file, as the commissioner may require, any bond rider or endorsement  
5607 or addendum, as applicable, to any bond or evidence of errors and  
5608 omissions coverage on file with the commissioner to reflect any  
5609 changes necessary to maintain the surety bond, fidelity bond and  
5610 errors and omissions coverage required by this section.

5611 Sec. 75. Section 36a-719e of the general statutes is repealed and the  
5612 following is substituted in lieu thereof (*Effective October 1, 2018*):

5613 Upon assignment of servicing rights on a residential mortgage loan,  
5614 the mortgage servicer shall disclose to the mortgagor: (1) Any notice  
5615 required by the Real Estate Settlement Procedures Act of 1974, 12 USC  
5616 Section 2601 et seq., as from time to time amended, and the regulations  
5617 promulgated thereunder, and within the time periods prescribed  
5618 therein; and (2) a schedule of the ranges and categories of its costs and  
5619 fees for its servicing-related activities, which shall comply with state  
5620 and federal law and, if such disclosure is made by a mortgage servicer  
5621 licensee, shall not exceed those reported to the [Banking  
5622 Commissioner] commissioner in accordance with subsection [(f)] (e) of  
5623 section 36a-719, as amended by this act.

5624 Sec. 76. Subdivision (19) of subsection (a) of section 36a-719h of the  
5625 2018 supplement to the general statutes, as amended by section 28 of

5626 public act 17-233, is repealed and the following is substituted in lieu  
5627 thereof (*Effective July 1, 2018*):

5628 (19) Collect, charge, attempt to collect or charge or use or propose  
5629 any agreement purporting to collect or charge any fee prohibited by  
5630 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this  
5631 act, 36a-534a and 36a-534b, as amended by this act.

5632 Sec. 77. Section 36a-719j of the general statutes is repealed and the  
5633 following is substituted in lieu thereof (*Effective October 1, 2018*):

5634 (a) The [Banking Commissioner] commissioner may suspend,  
5635 revoke or refuse to renew any mortgage servicer license or take any  
5636 other action, in accordance with the provisions of section 36a-51, as  
5637 amended by this act, for any reason which would be sufficient grounds  
5638 for the commissioner to deny an application for such license under  
5639 section 36a-719, as amended by this act, or if the commissioner finds  
5640 that the licensee, any control person of the licensee, the qualified  
5641 individual or any branch manager with supervisory authority, trustee,  
5642 employee or agent of such licensee has done any of the following: (1)  
5643 Made any material misstatement in the application; (2) committed any  
5644 fraud or misrepresentation or misappropriated funds; (3) violated any  
5645 of the provisions of this title or of any [regulations] regulation or order  
5646 adopted or issued pursuant thereto pertaining to any such person, or  
5647 any other law or regulation applicable to the conduct of [its] such  
5648 licensee's mortgage servicer business; or (4) failed to perform any  
5649 agreement with a mortgagee or a mortgagor.

5650 (b) Whenever it appears to the commissioner that (1) any person has  
5651 violated, is violating or is about to violate section 49-8 or 49-10a, any of  
5652 the provisions of this title or of any regulations adopted pursuant  
5653 thereto, [or any] (2) any person is, was or would be a cause of the  
5654 violation of any such provision or regulation due to an act or omission  
5655 such person knew or should have known would contribute to such  
5656 violation, or (3) any licensee has failed to perform any agreement with  
5657 a mortgagee or mortgagor, committed any fraud, made any

5658 misrepresentation or misappropriated funds, the commissioner may  
5659 take action against such person or licensee in accordance with sections  
5660 36a-50 and 36a-52.

5661 (c) The commissioner may order a licensee to remove any individual  
5662 conducting business under sections 36a-715 to 36a-719l, inclusive, as  
5663 amended by this act, from office and from employment or retention as  
5664 an independent contractor in the mortgage loan servicer business in  
5665 this state in accordance with section 5 of this act.

5666 (d) The commissioner may issue a temporary order to cease  
5667 business under a license if the commissioner determines that such  
5668 license was issued erroneously. Such temporary order shall be issued  
5669 in accordance with subsection (j) of section 36a-24b.

5670 Sec. 78. Section 36a-800 of the 2018 supplement to the general  
5671 statutes is repealed and the following is substituted in lieu thereof  
5672 (*Effective October 1, 2018*):

5673 As used in this section and sections 36a-801 to 36a-814, inclusive, as  
5674 amended by this act, unless the context otherwise requires:

5675 (1) "Advertise" or "advertising" has the same meaning as provided  
5676 in section 36a-485, as amended by this act;

5677 [(1)] (2) "Branch office" means a location other than the main office  
5678 at which a licensee or any person on behalf of a licensee acts as a  
5679 consumer collection agency;

5680 [(2)] (3) "Consumer collection agency" means any person (A)  
5681 engaged as a third party in the business of collecting or receiving  
5682 payment for others on any account, bill or other indebtedness from a  
5683 consumer debtor, (B) engaged in the business of [collecting on any  
5684 account, bill or other indebtedness from a consumer debtor for such  
5685 person's own account if the indebtedness was acquired from another  
5686 person and if the indebtedness was either delinquent or in default at  
5687 the time it was acquired] debt buying, or (C) engaged in the business

5688 of collecting or receiving tax payments, including, but not limited to,  
5689 property tax and federal income tax payments, from a property tax  
5690 debtor or federal income tax debtor on behalf of a municipality or the  
5691 United States Department of the Treasury, including, but not limited  
5692 to, any person who, by any device, subterfuge or pretense, makes a  
5693 pretended purchase or takes a pretended assignment of accounts from  
5694 any other person, municipality or taxing authority of such  
5695 indebtedness for the purpose of evading the provisions of this section  
5696 and sections 36a-801 to [36a-812] 36a-814, inclusive, as amended by  
5697 this act. "Consumer collection agency" includes persons who furnish  
5698 collection systems carrying a name which simulates the name of a  
5699 consumer collection agency and who supply forms or form letters to be  
5700 used by the creditor, even though such forms direct the consumer  
5701 debtor, property tax debtor or federal income tax debtor to make  
5702 payments directly to the creditor rather than to such fictitious agency.  
5703 "Consumer collection agency" further includes any person who, in  
5704 attempting to collect or in collecting such person's own accounts or  
5705 claims from a consumer debtor, uses a fictitious name or any name  
5706 other than such person's own name which would indicate to the  
5707 consumer debtor that a third person is collecting or attempting to  
5708 collect such account or claim. "Consumer collection agency" does not  
5709 include (i) an individual employed on the staff of a licensed consumer  
5710 collection agency, or by a creditor who is exempt from licensing, when  
5711 attempting to collect on behalf of such consumer collection agency, (ii)  
5712 persons not primarily engaged in the collection of debts from  
5713 consumer debtors who receive funds in escrow for subsequent  
5714 distribution to others, including, but not limited to, real estate brokers  
5715 and lenders holding funds of borrowers for payment of taxes or  
5716 insurance, (iii) any public officer or a person acting under the order of  
5717 any court, (iv) any member of the bar of this state, (v) a person who  
5718 services loans or accounts for the owners thereof when the  
5719 arrangement includes, in addition to requesting payment from  
5720 delinquent consumer debtors, the providing of other services such as  
5721 receipt of payment, accounting, record-keeping, data processing  
5722 services and remitting, for loans or accounts which are current as well



5723 as those which are delinquent, (vi) a bank or out-of-state bank, as  
5724 defined in section 36a-2, as amended by this act and (vii) a subsidiary  
5725 or affiliate of a bank or out-of-state bank, provided such affiliate or  
5726 subsidiary is not primarily engaged in the business of purchasing and  
5727 collecting upon delinquent debt, other than delinquent debt secured by  
5728 real property. Any person not included in the definition contained in  
5729 this subdivision is, for purposes of sections 36a-645 to 36a-647,  
5730 inclusive, a "creditor", as defined in section 36a-645;

5731 [(3)] (4) "Consumer debtor" means any natural person, not an  
5732 organization, who has incurred indebtedness or owes a debt for  
5733 personal, family or household purposes, including current or past due  
5734 child support, who has incurred indebtedness or owes a debt to a  
5735 municipality due to a levy by such municipality of a personal property  
5736 tax or who has incurred indebtedness or owes a debt to the United  
5737 States Department of the Treasury under the Internal Revenue Code of  
5738 1986, or any subsequent corresponding internal revenue code of the  
5739 United States, as amended from time to time;

5740 [(4)] (5) "Control person" has the same meaning as provided in  
5741 section 36a-485, as amended by this act;

5742 [(5)] (6) "Creditor" means a person, including, but not limited to, a  
5743 municipality or the United States Department of the Treasury, that  
5744 retains, hires, or engages the services of a consumer collection agency;

5745 (7) "Debt buying" means collecting or receiving payment on any  
5746 account, bill or other indebtedness from a consumer debtor for such  
5747 person's own account if the indebtedness was acquired from another  
5748 person and if the indebtedness was either delinquent or in default at  
5749 the time it was acquired;

5750 [(6)] (8) "Federal income tax" means all federal taxes levied on the  
5751 income of a natural person or organization by the United States  
5752 Department of the Treasury under the Internal Revenue Code of 1986,  
5753 or any subsequent corresponding internal revenue code of the United  
5754 States, as amended from time to time;

5755 [(7)] (9) "Federal income tax debtor" means any natural person or  
5756 organization who owes a debt to the United States Department of the  
5757 Treasury;

5758 [(8)] (10) "Main office" means the main address designated on the  
5759 [application] system;

5760 [(9)] (11) "Municipality" means any town, city or borough,  
5761 consolidated town and city, consolidated town and borough, district as  
5762 defined in section 7-324 or municipal special services district  
5763 established under chapter 105a;

5764 [(10)] (12) "Organization" means a corporation, partnership,  
5765 association, trust or any other legal entity or an individual operating  
5766 under a trade name or a name having appended to it a commercial,  
5767 occupational or professional designation;

5768 [(11)] (13) "Property tax" has the meaning given to the term in  
5769 section 7-560; [and]

5770 [(12)] (14) "Property tax debtor" means any natural person or  
5771 organization who has incurred indebtedness or owes a debt to a  
5772 municipality due to a levy by such municipality of a property tax; and

5773 (15) "Unique identifier" has the same meaning as provided in  
5774 section 36a-485, as amended by this act.

5775 Sec. 79. Section 36a-801 of the 2018 supplement to the general  
5776 statutes is repealed and the following is substituted in lieu thereof  
5777 (*Effective October 1, 2018*):

5778 (a) No person shall act within this state as a consumer collection  
5779 agency, directly or indirectly, unless such person has first obtained a  
5780 required consumer collection agency license for such person's main  
5781 office and for each branch office where such person's business is  
5782 conducted. A consumer collection agency is acting within this state if it  
5783 (1) has its place of business located within this state; (2) has its place of  
5784 business located outside this state and (A) collects from consumer

5785 debtors, property tax debtors or federal income tax debtors who reside  
5786 within this state for creditors who are located within this state, or (B)  
5787 collects from consumer debtors, property tax debtors or federal income  
5788 tax debtors who reside within this state for such consumer collection  
5789 agency's own account; (3) has its place of business located outside this  
5790 state and regularly collects from consumer debtors, property tax  
5791 debtors or federal income tax debtors who reside within this state for  
5792 creditors who are located outside this state; or (4) has its place of  
5793 business located outside this state and is engaged in the business of  
5794 collecting child support for creditors located within this state from  
5795 consumer debtors who are located outside this state. Any activity  
5796 subject to licensure pursuant to sections 36a-800 to 36a-814, inclusive,  
5797 as amended by this act, shall be conducted from an office located in a  
5798 state, as defined in section 36a-2.

5799 (b) [Any person desiring to act within this state as a consumer  
5800 collection agency shall make a written application to the commissioner  
5801 for such license in such form as the commissioner prescribes.] An  
5802 application for a license as a consumer collection agency or for renewal  
5803 of such license shall be made and processed on the system pursuant to  
5804 section 36a-24b, in the form prescribed by the commissioner. Each such  
5805 form shall contain content as set forth by instruction or procedure of  
5806 the commissioner and may be changed or updated as necessary by the  
5807 commissioner in order to carry out the purposes of sections 36a-800 to  
5808 36a-814, inclusive, as amended by this act. The applicant shall, at a  
5809 minimum, furnish to the system information concerning the identity of  
5810 the applicant, any control person of the applicant, the qualified  
5811 individual and any branch manager responsible for the actions of the  
5812 licensee, including, but not limited to, information related to such  
5813 person's personal history and experience, and any administrative, civil  
5814 or criminal findings by any governmental jurisdiction. As part of the  
5815 application, the commissioner may (1) in accordance with section 29-  
5816 17a, conduct a state or national criminal history records check of the  
5817 applicant, any control person of the applicant, the qualified individual  
5818 or any branch manager, and (2) in accordance with section 36a-24b (A)

5819 require the submission of fingerprints of the applicant, any control  
5820 person of the applicant, the qualified individual or any branch  
5821 manager to the Federal Bureau of Investigation or other state, national  
5822 or international criminal databases, and (B) investigate the financial  
5823 condition of any such person and require authorization from any such  
5824 person for the system and the commissioner to obtain an independent  
5825 credit report from a consumer reporting agency, as described in  
5826 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as  
5827 amended from time to time. Such application shall be accompanied by  
5828 [(1)] a financial statement prepared by a certified public accountant [or  
5829 a public accountant which evidences] and, for any applicant not solely  
5830 engaged in the business of debt buying, such application shall  
5831 evidence that the applicant has a minimum tangible net worth of fifty  
5832 thousand dollars. [, the accuracy of which is sworn to under oath  
5833 before a notary public by the proprietor, a general partner or a  
5834 corporate officer or a member duly authorized to execute such  
5835 documents, (2) (A) the history of criminal convictions of the (i)  
5836 applicant; (ii) partners, if the applicant is a partnership; (iii) members,  
5837 if the applicant is a limited liability company or association; or (iv)  
5838 officers, directors and principal employees, if the applicant is a  
5839 corporation, and (B) sufficient information pertaining to the history of  
5840 criminal convictions of such applicant, partners, members, officers,  
5841 directors and principal employees as the commissioner deems  
5842 necessary to make the findings under subsection (c) of this section, (3)  
5843 a license fee of eight hundred dollars, or in the case of an initial  
5844 application that is filed not earlier than one year before the date such  
5845 license will expire, a license fee of four hundred dollars, and (4) an  
5846 investigation fee of one hundred dollars.] The commissioner shall  
5847 cause to be made such inquiry and examination as to the qualifications  
5848 of each such applicant or any [partner, member, officer, director or  
5849 principal employee] control person, qualified individual or branch  
5850 manager of the applicant as the commissioner deems necessary. [The  
5851 commissioner, in accordance with section 29-17a, may conduct a state  
5852 and national criminal history records check of the applicant and of  
5853 each partner, member, officer, director and principal employee of such

5854 applicant.] Each applicant shall furnish satisfactory evidence to the  
5855 commissioner that the applicant is a person of good moral character  
5856 and is financially responsible.

5857 (c) (1) Each applicant for a consumer collection agency license shall  
5858 pay to the system any required fees or charges and a license fee of five  
5859 hundred dollars. Each such license shall expire at the close of business  
5860 on December thirty-first of the year in which the license was approved,  
5861 unless such license is renewed, except that any such license approved  
5862 on or after November first shall expire at the close of business on  
5863 December thirty-first of the year following the year in which it is  
5864 approved. An application for renewal of a license shall be filed  
5865 between November first and December thirty-first of the year in which  
5866 the license expires. Each applicant for renewal of a consumer collection  
5867 agency license shall pay to the system any required fees or charges and  
5868 a renewal fee of four hundred dollars.

5869 [(c)] (2) If the commissioner finds, upon the filing of an application  
5870 for a consumer collection agency, that [(1)] (A) the financial  
5871 responsibility, character, reputation, integrity and general fitness of the  
5872 applicant, [and the partners of such applicant if the applicant is a  
5873 partnership, of the members if the applicant is a limited liability  
5874 company or association, and of the officers, directors and principal  
5875 employees if the applicant is a corporation,] the control persons of the  
5876 applicant, the qualified individual and any branch manager are such to  
5877 warrant belief that the business will be operated soundly and  
5878 efficiently, in the public interest and consistent with the purposes of  
5879 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,  
5880 and [(2)] (B) the applicant is solvent and no proceeding in bankruptcy,  
5881 receivership or assignment for the benefit of creditors has been  
5882 commenced against the applicant, the commissioner may, upon such  
5883 finding, issue the applicant a consumer collection agency license. If the  
5884 commissioner fails to make such findings, the commissioner shall not  
5885 issue a license and shall notify the applicant of the reasons for such  
5886 denial. The commissioner may deny an application if the  
5887 commissioner finds that the applicant or any [partner, member, officer,

5888 director or principal employee] control person, qualified individual or  
5889 branch manager of such applicant has been convicted of any  
5890 misdemeanor involving any aspect of the consumer collection agency  
5891 business, or any felony. Any denial of an application by the  
5892 commissioner shall, when applicable, be subject to the provisions of  
5893 section 46a-80. [Any such license issued by the commissioner shall  
5894 expire at the close of business on September thirtieth of the odd-  
5895 numbered year following its issuance, unless such license is renewed.  
5896 The commissioner may renew such application, in the commissioner's  
5897 discretion, upon filing of a proper renewal application accompanied by  
5898 a license fee of eight hundred dollars, and satisfactory proof that such  
5899 applicant at that time possesses the required qualifications for the  
5900 license. The commissioner may deny a renewal application if the  
5901 commissioner finds that the applicant has been convicted of any  
5902 misdemeanor involving any aspect of the consumer collection agency  
5903 business, or any felony. Any denial of an application by the  
5904 commissioner shall, when applicable, be subject to the provisions of  
5905 section 46a-80. Such renewal application shall be filed with the  
5906 commissioner on or before September first of the year in which the  
5907 license expires. Any renewal application filed with the commissioner  
5908 after September first shall be accompanied by a one-hundred-dollar  
5909 late fee and any such filing shall be deemed to be timely and sufficient  
5910 for purposes of subsection (b) of section 4-182. Whenever an  
5911 application for a license, other than a renewal application, is filed  
5912 under sections 36a-800 to 36a-812, inclusive, by any person who was a  
5913 licensee under said sections 36a-800 to 36a-812, inclusive, and whose  
5914 license expired less than sixty days prior to the date such application  
5915 was filed, such application shall be accompanied by a one-hundred-  
5916 dollar processing fee in addition to the application fee.]

5917 (3) The minimum standards for renewal of a consumer collection  
5918 agency license shall include the following: (A) The applicant continues  
5919 to meet the minimum standards under this section; (B) the applicant  
5920 has paid all required fees for renewal of the license; and (C) the  
5921 applicant has paid all outstanding examination fees or other moneys

5922 due to the commissioner. The license of a consumer collection agency  
5923 licensee failing to satisfy the minimum standards for license renewal  
5924 shall expire. The commissioner may adopt procedures for the  
5925 reinstatement of expired licenses consistent with the standards  
5926 established by the system. Every license shall remain in force and  
5927 effect until the license has been surrendered, revoked or suspended or  
5928 has expired in accordance with the provisions of sections 36a-800 to  
5929 36a-814, inclusive, as amended by this act.

5930 (d) To further the enforcement of this section and to determine the  
5931 eligibility of any person holding a license, the commissioner may, as  
5932 often as the commissioner deems necessary, examine the licensee's  
5933 books and records, and may, at any time, require the licensee to submit  
5934 such a financial statement for the examination of the commissioner, so  
5935 that the commissioner may determine whether the licensee is  
5936 financially responsible to carry on a consumer collection agency  
5937 business within the intents and purposes of sections 36a-800 to [36a-  
5938 812] 36a-814, inclusive, as amended by this act. Any financial  
5939 statement submitted by a licensee shall be confidential and shall not be  
5940 a public record unless introduced in evidence at a hearing conducted  
5941 by the commissioner.

5942 [(e) The applicant or licensee shall notify the commissioner, in  
5943 writing, of any change in the information provided in its initial  
5944 application for a license or most recent renewal application for such  
5945 license, as applicable, not later than ten business days after the  
5946 occurrence of the event that results in such information becoming  
5947 inaccurate.]

5948 [(f)] (e) The commissioner may deem an application for a license to  
5949 act as a consumer collection agency abandoned if the applicant fails to  
5950 respond to any request for information required under sections 36a-  
5951 801 to [36a-812] 36a-814, inclusive, as amended by this act, or any  
5952 regulations adopted pursuant to said sections 36a-801 to [36a-812] 36a-  
5953 814, inclusive, as amended by this act. The commissioner shall notify  
5954 the applicant [, in writing,] on the system that if the applicant fails to

5955 submit such information not later than sixty days after the date on  
5956 which such request for information was made, the application shall be  
5957 deemed abandoned. An application filing fee paid prior to the date an  
5958 application is deemed abandoned pursuant to this subsection shall not  
5959 be refunded. Abandonment of an application pursuant to this  
5960 subsection shall not preclude the applicant from submitting a new  
5961 application for a license under sections 36a-801 to [36a-812] 36a-814,  
5962 inclusive, as amended by this act.

5963 (f) (1) Not later than thirty days before a licensee ceases to engage in  
5964 the business of a consumer collection agency for any reason, including,  
5965 but not limited to, a business decision to terminate operations in this  
5966 state, bankruptcy or voluntary dissolution, such licensee shall request  
5967 surrender of the license on the system in accordance with subsection  
5968 (c) of section 36a-51, as amended by this act, for each location in which  
5969 such licensee has ceased to engage in such business.

5970 (2) Except as otherwise specified in subsection (i) of this section,  
5971 each consumer collection agency applicant or licensee, and each  
5972 individual designated as a control person, qualified individual or  
5973 branch manager of such applicant or licensee, shall file on the system  
5974 any change in the information such applicant, licensee, control person,  
5975 qualified individual or branch manager most recently submitted to the  
5976 system in connection with the application or license, or, if the  
5977 information cannot be filed on the system, notify the commissioner of  
5978 such change, in writing, not later than fifteen days after the date the  
5979 applicant, licensee, control person, qualified individual or branch  
5980 manager had reason to know of the change.

5981 (3) A consumer collection agency licensee shall file on the system or,  
5982 if the information cannot be filed on the system, notify the  
5983 commissioner, in writing, of the occurrence of any of the following  
5984 developments not later than fifteen days after the date the licensee had  
5985 reason to know of the occurrence of any of the following  
5986 developments:



5987       (A) Filing for bankruptcy or the consummation of a corporate  
5988       restructuring of the licensee;

5989       (B) Filing of a criminal indictment against the licensee in any way  
5990       related to the consumer collection activities of the licensee, or receiving  
5991       notification of the filing of any criminal felony indictment or felony  
5992       conviction of any control person, branch manager or qualified  
5993       individual of the licensee;

5994       (C) Receiving notification of the institution of license denial, cease  
5995       and desist, suspension or revocation procedures, or other formal or  
5996       informal action by any governmental agency against the licensee or  
5997       any control person, branch manager or qualified individual of the  
5998       licensee and the reasons therefor;

5999       (D) Receiving notification of the initiation of any action against the  
6000       licensee or any control person, branch manager or qualified individual  
6001       of the licensee by the Attorney General or the attorney general of any  
6002       other state and the reasons therefor;

6003       (E) Receiving notification of filing for bankruptcy of any control  
6004       person, branch manager or qualified individual of the licensee; or

6005       (F) Any decrease in tangible net worth from the minimum amount  
6006       required pursuant to subsection (b) of this section.

6007       (g) [If the commissioner determines that a check filed with the  
6008       commissioner to pay a fee under subsection (b) of this section has been  
6009       dishonored, the commissioner shall automatically suspend the license  
6010       or a renewal license that has been issued but is not yet effective. The  
6011       commissioner shall give the licensee notice of the automatic  
6012       suspension pending proceedings for revocation or refusal to renew  
6013       and an opportunity for a hearing on such actions in accordance with  
6014       section 36a-51.] The commissioner may automatically suspend a  
6015       license if the licensee receives a deficiency on the system indicating  
6016       that a required payment was Returned-ACH or returned pursuant to  
6017       such other term as may be utilized by the system to indicate that the

6018 payment was not accepted. After a license has been automatically  
6019 suspended pursuant to this section, the commissioner shall (1) give the  
6020 licensee notice of the automatic suspension, pending proceedings for  
6021 revocation or refusal to renew pursuant to section 36a-804, as amended  
6022 by this act, and an opportunity for a hearing on such action in  
6023 accordance with section 36a-51, as amended by this act, and (2) require  
6024 such licensee to take or refrain from taking such action as the  
6025 commissioner deems necessary to effectuate the purposes of this  
6026 section.

6027 (h) No abatement of the license fee shall be made if the application  
6028 is denied or withdrawn prior to issuance of the license or if the license  
6029 is surrendered, revoked or suspended prior to the expiration of the  
6030 period for which it was issued. All fees required by this section shall be  
6031 nonrefundable.

6032 (i) No person licensed to act within this state as a consumer  
6033 collection agency shall do so under any other name or at any other  
6034 place of business than that named in the license. [Any change of  
6035 location of a place of business of a licensee shall require prior written  
6036 notice to the commissioner.] No licensee may use any name other than  
6037 its legal name or a fictitious name approved by the commissioner,  
6038 provided such licensee may not use its legal name if the commissioner  
6039 disapproves use of such name. A licensee may change the name of the  
6040 licensee or address of the office specified on the most recent filing with  
6041 the system if, at least thirty calendar days prior to such change, (1) the  
6042 licensee files such change with the system and provides a bond rider,  
6043 endorsement or addendum, as applicable, to the surety bond on file  
6044 with the commissioner that reflects the new name or address, and (2)  
6045 the commissioner does not disapprove such change, in writing, or  
6046 request further information from the licensee within such thirty-day  
6047 period. Not more than one place of business shall be maintained under  
6048 the same license but the commissioner may issue more than one  
6049 license to the same licensee upon compliance with the provisions of  
6050 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,  
6051 as to each new licensee. A license shall not be transferable or

6052 assignable. Any change in any control person of the licensee, except a  
6053 change of a director, general partner or executive officer that is not the  
6054 result of an acquisition or change of control of the licensee, shall be the  
6055 subject of an advance change notice filed on the system at least thirty  
6056 days prior to the effective date of such change and no such change  
6057 shall occur without the commissioner's approval. Any licensee  
6058 holding, applying for, or seeking renewal of more than one license  
6059 may, at its option, file the bond required under section 36a-802, as  
6060 amended by this act, separately for each place of business licensed, or  
6061 to be licensed, or a single bond, naming each place of business, in an  
6062 amount equal to twenty-five thousand dollars for each place of  
6063 business. The commissioner may automatically suspend a license for  
6064 any violation of this subsection. After a license has been automatically  
6065 suspended pursuant to this section, the commissioner shall (A) give  
6066 the licensee notice of the automatic suspension, pending proceedings  
6067 for revocation or refusal to renew pursuant to section 36a-804, as  
6068 amended by this act, and an opportunity for a hearing on such action  
6069 in accordance with section 36a-51, as amended by this act, and (B)  
6070 require such licensee to take or refrain from taking such action as the  
6071 commissioner deems necessary to effectuate the purposes of this  
6072 section.

6073 (j) Any person making any filing or submission of any information  
6074 on the system shall do so in accordance with the procedures and  
6075 requirements of the system and pay the applicable fees or charges to  
6076 the system. Each consumer collection agency licensee shall, to the  
6077 extent required by the system, timely submit to the system accurate  
6078 reports of condition that shall be in such form and shall contain such  
6079 information as the system may require. Failure by a licensee to submit  
6080 a timely and accurate report of condition shall constitute a violation of  
6081 this provision.

6082 (k) The unique identifier of any person licensed under section 36a-  
6083 801, as amended by this act, shall be clearly shown on all solicitations  
6084 and advertisements, including business cards and Internet web sites,  
6085 and any other documents as established by rule, regulation or order of

6086 the commissioner, and shall be clearly stated in all audio solicitations  
6087 and advertisements. The solicitations and advertisements of any  
6088 person licensed under section 36a-801, as amended by this act: (1) Shall  
6089 not include any statement that such person is endorsed in any way by  
6090 this state, except that such solicitations and advertisements may  
6091 include a statement that such person is licensed in this state; (2) shall  
6092 not include any statement or claim that is deceptive, false or  
6093 misleading; (3) shall otherwise conform to the requirements of sections  
6094 36a-801 to 36a-814, inclusive, as amended by this act, any regulations  
6095 issued thereunder and any other applicable law; and (4) shall be  
6096 retained for two years from the date of use of such solicitation or  
6097 advertisement.

6098       Sec. 80. Section 36a-802 of the general statutes is repealed and the  
6099 following is substituted in lieu thereof (*Effective October 1, 2018*):

6100       (a) No such license and no renewal thereof shall be granted to a  
6101 [third party] consumer collection agency, except a consumer collection  
6102 agency engaged solely in the business of debt buying, unless the  
6103 applicant has filed with the commissioner a bond to the people of the  
6104 state in the penal sum of twenty-five thousand dollars, approved by  
6105 the Attorney General as to form and by the commissioner as to  
6106 sufficiency of the security thereof. Such bond shall be conditioned that  
6107 such licensee shall well, truly and faithfully account for all funds  
6108 entrusted to the licensee and collected and received by the licensee in  
6109 the licensee's capacity as a consumer collection agency. Any person  
6110 who may be damaged by the wrongful conversion of any creditor,  
6111 consumer debtor, property tax debtor or federal income tax debtor  
6112 funds received by such consumer collection agency may proceed on  
6113 such bond against the principal or surety thereon, or both, to recover  
6114 damages. The commissioner may proceed on such bond against the  
6115 principal or surety thereon, or both, to collect any civil penalty  
6116 imposed upon the licensee pursuant to subsection (a) of section 36a-50  
6117 and, effective April 1, 2019, any restitution imposed pursuant to  
6118 subsection (c) of section 36a-50, and any unpaid costs of examination  
6119 as determined pursuant to section 36a-65, as amended by this act. The

6120 proceeds of the bond, even if commingled with other assets of the  
6121 licensee, shall be deemed by operation of law to be held in trust for the  
6122 benefit of such claimants against the licensee in the event of  
6123 bankruptcy of the licensee and shall be immune from attachment by  
6124 creditors and judgment creditors. The bond shall run concurrently  
6125 with the period of the license granted to the applicant, and the  
6126 aggregate liability under the bond shall not exceed the penal sum of  
6127 the bond.

6128 (b) The surety company shall have the right to cancel the bond at  
6129 any time by a written notice to the licensee and the commissioner  
6130 stating the date cancellation shall take effect. [Such notice shall be sent  
6131 by certified mail to the licensee] If the bond is issued electronically on  
6132 the system, written notice of cancellation may be provided by the  
6133 surety company to the licensee and the commissioner through the  
6134 system at least thirty days prior to the date of cancellation. Any notice  
6135 of cancellation not provided through the system shall be sent by  
6136 certified mail to the licensee and the commissioner at least thirty days  
6137 prior to the date of cancellation. A surety bond shall not be cancelled  
6138 unless the surety company notifies the commissioner in writing not  
6139 less than thirty days prior to the effective date of cancellation. After  
6140 receipt of such notification from the surety company, the  
6141 commissioner shall give written notice to the licensee of the date such  
6142 bond cancellation shall take effect. The commissioner shall  
6143 automatically suspend the license on such date, unless the licensee  
6144 prior to such date submits a letter of reinstatement of the bond from  
6145 the surety company or a new bond or the licensee has ceased business  
6146 and has surrendered its license. After a license has been automatically  
6147 suspended, the commissioner shall (1) give the licensee notice of the  
6148 automatic suspension pending proceedings for revocation or refusal to  
6149 renew and an opportunity for a hearing on such actions in accordance  
6150 with section 36a-51, as amended by this act, and (2) require the licensee  
6151 to take or refrain from taking such action as [in the opinion of] the  
6152 commissioner [will] deems necessary to effectuate the purposes of this  
6153 section.

6154 Sec. 81. Section 36a-804 of the general statutes is repealed and the  
6155 following is substituted in lieu thereof (*Effective October 1, 2018*):

6156 (a) The commissioner may suspend, revoke or refuse to renew any  
6157 license or take any other action, in accordance with the provisions of  
6158 section 36a-51, as amended by this act, for any reason which would be  
6159 sufficient grounds for the commissioner to deny an application for a  
6160 license under sections 36a-800 to [36a-812] 36a-814, inclusive, as  
6161 amended by this act, or if the commissioner finds that the licensee or  
6162 any [proprietor, director, officer, member, partner, shareholder]  
6163 control person, qualified individual, branch manager, trustee,  
6164 employee or agent of such licensee has done any of the following: (1)  
6165 Made any material misstatement in the application or in any filing  
6166 made in connection with the license; (2) committed any fraud or  
6167 misrepresentation or misappropriated funds; or (3) violated any of the  
6168 provisions of [sections 36a-800 to 36a-812, inclusive,] this title or of any  
6169 [regulations] regulation or order adopted or issued pursuant thereto  
6170 pertaining to any such person, or any other law or regulation  
6171 applicable to the conduct of [its] such licensee's consumer collection  
6172 agency business.

6173 (b) Whenever it appears to the commissioner that (1) any person has  
6174 violated, is violating or is about to violate any of the provisions of  
6175 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,  
6176 or any regulation adopted pursuant thereto, [or] (2) any person is, was  
6177 or would be a cause of the violation of any such provision or  
6178 regulation due to an act or omission such person knew or should have  
6179 known would contribute to such violation, or (3) the licensee or any  
6180 [proprietor, director, officer, member, partner, shareholder] control  
6181 person, qualified individual, branch manager, trustee, employee or  
6182 agent of such licensee has committed any fraud, made any  
6183 misrepresentation or misappropriated funds, the commissioner may  
6184 take action against such person or licensee in accordance with sections  
6185 36a-50 and 36a-52.

6186 (c) The commissioner may order a licensee to remove any individual

6187 conducting business under sections 36a-800 to 36a-814, inclusive, as  
6188 amended by this act, from office and from employment or retention as  
6189 an independent contractor in the consumer collection agency business  
6190 in this state in accordance with section 5 of this act.

6191 (d) The commissioner may issue a temporary order to cease  
6192 business under a license if the commissioner determines that such  
6193 license was issued erroneously. Such temporary order shall be issued  
6194 in accordance with subsection (j) of section 36a-24b.

6195 Sec. 82. Subsection (a) of section 36a-805 of the 2018 supplement to  
6196 the general statutes is repealed and the following is substituted in lieu  
6197 thereof (*Effective October 1, 2018*):

6198 (a) No consumer collection agency or control person shall: (1)  
6199 Furnish legal advice or perform legal services or represent that it is  
6200 competent to do so, or institute judicial proceedings on behalf of  
6201 others; (2) communicate with consumer debtors, property tax debtors  
6202 or federal income tax debtors in the name of an attorney or upon the  
6203 stationery of an attorney, or prepare any forms or instruments which  
6204 only attorneys are authorized to prepare; (3) receive assignments as a  
6205 third party of claims for the purpose of collection or institute suit  
6206 thereon in any court; (4) assume authority on behalf of a creditor to  
6207 employ or terminate the services of an attorney unless such creditor  
6208 has authorized such agency in writing to act as such creditor's agent in  
6209 the selection of an attorney to collect the creditor's accounts; (5)  
6210 demand or obtain in any manner a share of the proper compensation  
6211 for services performed by an attorney in collecting a claim, whether or  
6212 not such agency has previously attempted collection thereof; (6) solicit  
6213 claims for collection under an ambiguous or deceptive contract; (7)  
6214 refuse to return any claim or claims upon written request of the  
6215 creditor, claimant or forwarder, which claims are not in the process of  
6216 collection after the tender of such amounts, if any, as may be due and  
6217 owing to the agency; (8) advertise or threaten to advertise for sale any  
6218 claim as a means of forcing payment thereof, unless such agency is  
6219 acting as the assignee for the benefit of creditors; (9) refuse or fail to

6220 account for and remit to its clients all money collected which is not in  
6221 dispute within sixty days from the last day of the month in which said  
6222 money is collected; (10) refuse or intentionally fail to return to the  
6223 creditor all valuable papers deposited with a claim when such claim is  
6224 returned; (11) refuse or fail to furnish at intervals of not less than  
6225 ninety days, upon the written request of the creditor, claimant or  
6226 forwarder, a written report upon claims received from such creditor,  
6227 claimant or forwarder; (12) add any post-charge-off charge or fee for  
6228 cost of collection, unless such cost is a court cost, to the amount of any  
6229 claim which it receives for collection or knowingly accept for collection  
6230 any claim to which any such charge or fee has already been added to  
6231 the amount of the claim unless (A) the consumer debtor is legally liable  
6232 for such charge or fee as determined by the contract or other evidence  
6233 of an agreement between the consumer debtor and creditor, a copy of  
6234 which shall be obtained by or available to the consumer collection  
6235 agency from the creditor and maintained as part of the records of the  
6236 consumer collection agency or the creditor, or both, and (B) the total  
6237 charge or fee for cost of collection does not exceed fifteen per cent of  
6238 the total amount actually collected and accepted as payment in full  
6239 satisfaction of the debt; (13) use or attempt to use or make reference to  
6240 the term "bonded by the state of Connecticut", "bonded" or "bonded  
6241 collection agency" or any combination of such terms or words, except  
6242 the word "bonded" may be used on the stationery of any such agency  
6243 in type not larger than twelve-point; (14) when the debt is beyond the  
6244 statute of limitations, fail to provide the following disclosure in type  
6245 not less than ten-point informing the consumer debtor in its initial  
6246 communication with such consumer debtor that (A) when collecting  
6247 on debt that is not past the date for obsolescence provided for in  
6248 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law  
6249 limits how long you can be sued on a debt. Because of the age of your  
6250 debt, (INSERT OWNER NAME) will not sue you for it. If you do not  
6251 pay the debt, (INSERT OWNER NAME) may report or continue to  
6252 report it to the credit reporting agencies as unpaid"; and (B) when  
6253 collecting on debt that is past the date for obsolescence provided for in  
6254 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law



limits how long you can be sued on a debt. Because of the age of your debt, (INSERT OWNER NAME) will not sue you for it and (INSERT OWNER NAME) will not report it to any credit reporting agencies."; (15) engage in any activities prohibited by sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act; or (16) fail to establish, enforce and maintain policies and procedures for supervising employees, agents and office operations that are reasonably designed to achieve compliance with applicable consumer collection laws and regulations.

Sec. 83. Subsection (b) of section 36a-811 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(b) Each [third party] consumer collection agency, except a consumer collection agency engaged solely in the business of debt buying, shall deposit funds collected or received from consumer debtors for payment for others on an account, bill or other indebtedness in one or more trust accounts maintained at a federally insured bank, Connecticut credit union, federal credit union or an out-of-state bank that maintains in this state a branch as defined in section 36a-410, which accounts shall be reconciled monthly. Such funds shall not be commingled with funds of the consumer collection agency or used in the conduct of the consumer collection agency's business. Such account shall not be used for any purpose other than (1) the deposit of funds received from consumer debtors, (2) the payment of such funds to creditors, (3) the refund of any overpayments to be made to consumer debtors, and (4) the payment of earned fees to the consumer collection agency, which shall be withdrawn on a monthly basis. Except for payments authorized by subdivisions (2) to (4), inclusive, of this subsection, any withdrawal from such account, including, but not limited to, any service charge or other fee imposed against such account by a depository institution, shall be reimbursed by the consumer collection agency to such account not more than thirty days after the withdrawal. Funds received from consumer debtors shall be posted to their respective accounts in accordance with generally

6289 accepted accounting principles.

6290 Sec. 84. Section 36a-846 of the 2018 supplement to the general  
6291 statutes is repealed and the following is substituted in lieu thereof  
6292 (*Effective October 1, 2018*):

6293 As used in this section and sections 36a-847 to 36a-854, as amended  
6294 by this act:

6295 (1) "Advertise" or "advertising" has the same meaning as provided  
6296 in section 36a-485, as amended by this act;

6297 (2) "Branch office" means a location other than the main office at  
6298 which a licensee or any person on behalf of a licensee acts as a student  
6299 loan servicer;

6300 [(2)] (3) "Control person" has the same meaning as provided in  
6301 section 36a-485, as amended by this act;

6302 (4) "Main office" has the same meaning as provided in section 36a-  
6303 485, as amended by this act;

6304 [(3)] (5) "Student loan borrower" means [(A) any resident of] any  
6305 individual who resides within this state who has [received or] agreed  
6306 to [pay a student education loan; or (B) any person who shares  
6307 responsibility with such resident for repaying the] repay a student  
6308 education loan;

6309 [(4)] (6) "Student loan servicer" means any person, wherever located,  
6310 responsible for the servicing of any student education loan to any  
6311 student loan borrower;

6312 [(5)] (7) "Servicing" means (A) receiving any scheduled periodic  
6313 payments from a student loan borrower pursuant to the terms of a  
6314 student education loan; (B) applying the payments of principal and  
6315 interest and such other payments with respect to the amounts received  
6316 from a student loan borrower, as may be required pursuant to the  
6317 terms of a student education loan; or (C) performing other

6318 administrative services with respect to a student education loan;

6319 [(6)] (8) "Student education loan" means any loan primarily for  
6320 personal use to finance education or other school-related expenses;

6321 (9) "Unique identifier" has the same meaning as provided in section  
6322 36a-485, as amended by this act.

6323 Sec. 85. Section 36a-847 of the general statutes is repealed and the  
6324 following is substituted in lieu thereof (*Effective October 1, 2018*):

6325 (a) (1) No person shall act as a student loan servicer, directly or  
6326 indirectly, without first obtaining a license for its main office and for  
6327 each branch office where such business is conducted from the  
6328 [Banking Commissioner] commissioner under subsection (b) of this  
6329 section, unless such person is exempt from licensure pursuant to  
6330 subdivision (2) of this subsection. Any activity subject to licensure  
6331 pursuant to sections 36a-846 to 36a-854, inclusive, as amended by this  
6332 act, shall be conducted from an office located in a state, as defined in  
6333 section 36a-2.

6334 (2) The following persons are exempt from student loan servicer  
6335 licensing requirements: (A) Any bank, out-of-state bank, Connecticut  
6336 credit union, federal credit union or out-of-state credit union; (B) any  
6337 wholly owned subsidiary of any such bank or credit union; and (C)  
6338 any operating subsidiary where each owner of such operating  
6339 subsidiary is wholly owned by the same bank or credit union.

6340 (b) [Any person seeking to act within this state as a student loan  
6341 servicer shall make a written application to the commissioner for an  
6342 initial license in such form as the commissioner prescribes.] (1) An  
6343 application for a license as a student loan servicer or for renewal of  
6344 such license shall be made and processed on the system pursuant to  
6345 section 36a-24b, in the form prescribed by the commissioner. Each such  
6346 form shall contain content as set forth by instruction or procedure of  
6347 the commissioner and may be changed or updated as necessary by the  
6348 commissioner in order to carry out the purposes of sections 36a-846 to

6349 36a-854, inclusive, as amended by this act. The applicant shall, at a  
6350 minimum, furnish to the system information concerning the identity of  
6351 the applicant, any control person of the applicant, the qualified  
6352 individual and any branch manager responsible for the actions of the  
6353 licensee, including, but not limited to, information related to such  
6354 person's personal history and experience, and any administrative, civil  
6355 or criminal findings by any governmental jurisdiction. As part of the  
6356 application the commissioner may (A) in accordance with section 29-  
6357 17a, conduct a state or national criminal history records check of the  
6358 applicant, any control person of the applicant, the qualified individual  
6359 or any branch manager, and (B) in accordance with section 36a-24b, (i)  
6360 require the submission of fingerprints of the applicant, any control  
6361 person of the applicant, the qualified individual or any branch  
6362 manager to the Federal Bureau of Investigation or other state, national  
6363 or international criminal databases, and (ii) investigate the financial  
6364 condition of any such person and require authorization from any such  
6365 person for the system and the commissioner to obtain an independent  
6366 credit report from a consumer reporting agency, as described in  
6367 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as  
6368 amended from time to time. Such application shall be accompanied by  
6369 [(1)] a financial statement prepared by a certified public accountant, [or  
6370 a public accountant, the accuracy of which is sworn to under oath  
6371 before a notary public by the proprietor, a general partner or a  
6372 corporate officer or a member duly authorized to execute such  
6373 documents, (2) (A) the history of criminal convictions of the (i)  
6374 applicant; (ii) partners, if the applicant is a partnership; (iii) members,  
6375 if the applicant is a limited liability company or association; or (iv)  
6376 officers, directors and principal employees, if the applicant is a  
6377 corporation, and (B) sufficient information pertaining to the history of  
6378 criminal convictions of such applicant, partners, members, officers,  
6379 directors or principal employees as the commissioner deems necessary  
6380 to make the findings under subsection (c) of this section, (3) a  
6381 nonrefundable license fee of one thousand dollars, and (4) a  
6382 nonrefundable investigation fee of eight hundred dollars. The  
6383 commissioner, in accordance with section 29-17a, may conduct a state

6384 and national criminal history records check of the applicant and of  
6385 each partner, member, officer, director and principal employee of such  
6386 applicant.] except that the commissioner may waive such requirement  
6387 in connection with any renewal application, provided the system  
6388 requires annual reports of condition that capture financial statement  
6389 information and the applicant has filed such information in accordance  
6390 with section 36a-848, as amended by this act.

6391 (2) Each applicant for a student loan servicer license shall pay to the  
6392 system any required fees or charges and a license fee of nine hundred  
6393 dollars. Each such license shall expire at the close of business on  
6394 December thirty-first of the year in which the license was approved,  
6395 unless such license is renewed, except that any such license approved  
6396 on or after November first shall expire at the close of business on  
6397 December thirty-first of the year following the year in which it is  
6398 approved. An application for renewal of a license shall be filed  
6399 between November first and December thirty-first of the year in which  
6400 the license expires. Each applicant for renewal of a student loan  
6401 servicer license shall pay to the system any required fees or charges  
6402 and a renewal fee of nine hundred dollars.

6403 (3) Each license shall remain in force and effect until the license has  
6404 been surrendered, revoked or suspended or has expired in accordance  
6405 with the provisions of sections 36a-846 to 36a-854, inclusive, as  
6406 amended by this act. No abatement of the license fee shall be made if  
6407 the application is denied or withdrawn prior to issuance of the license  
6408 or if the license is surrendered, revoked or suspended prior to the  
6409 expiration of the period for which it was issued. All fees required by  
6410 this section shall be nonrefundable.

6411 (c) Upon the filing of an application for an initial license and the  
6412 payment of [the] required fees, [for license and investigation,] the  
6413 commissioner shall investigate the financial condition and  
6414 responsibility, financial and business experience, character and general  
6415 fitness of the applicant. The commissioner may issue a license if the  
6416 commissioner finds that:

- 6417 (1) The applicant's financial condition is sound;
- 6418 (2) The applicant's business will be conducted honestly, fairly,  
6419 equitably, carefully and efficiently within the purposes and intent of  
6420 sections 36a-846 to 36a-854, inclusive, as amended by this act, and in a  
6421 manner commanding the confidence and trust of the community;
- 6422 (3) [(A) If the applicant is an individual, such individual is in all  
6423 respects properly qualified and of good character, (B) if the applicant is  
6424 a partnership, each partner is in all respects properly qualified and of  
6425 good character, (C) if the applicant is a corporation or association, the  
6426 president, chairperson of the executive committee, senior officer  
6427 responsible for the corporation's business and chief financial officer or  
6428 any other person who performs similar functions as determined by the  
6429 commissioner, each director, each trustee and each shareholder  
6430 owning ten per cent or more of each class of the securities of such  
6431 corporation is in all respects properly qualified and of good character,  
6432 or (D) if the applicant is a limited liability company, each member is in  
6433 all respects properly qualified and of good character;] Each control  
6434 person, qualified individual, branch manager and trustee of the  
6435 applicant is in all respects properly qualified and of good character,  
6436 including, but not limited to, assessment of such person's financial  
6437 responsibility and any criminal convictions, provided any license  
6438 denial based on a criminal conviction shall be subject to the provisions  
6439 of section 46a-80;
- 6440 (4) No control person, qualified individual, branch manager or other  
6441 person on behalf of the applicant knowingly has made any incorrect  
6442 statement of a material fact in the application, or in any report or  
6443 statement made pursuant to sections 36a-846 to 36a-854, inclusive, as  
6444 amended by this act;
- 6445 (5) No control person, qualified individual, branch manager or other  
6446 person on behalf of the applicant knowingly has omitted to state any  
6447 material fact necessary to give the commissioner any information  
6448 lawfully required by the commissioner;

6449 (6) The applicant has paid the [investigation fee and the license fee]  
6450 fees required under subsection (b) of this section; and

6451 (7) The applicant has met any other similar requirements as  
6452 determined by the commissioner.

6453 (d) [A license issued pursuant to subsection (c) of this section shall  
6454 expire at the close of business on September thirtieth of the odd-  
6455 numbered year following its issuance, unless renewed or earlier  
6456 surrendered, suspended or revoked pursuant to sections 36a-846 to  
6457 36a-854, inclusive.] Not later than fifteen days after the date a licensee  
6458 ceases to engage in the business of student loan servicing in this state  
6459 for any reason, including a business decision to terminate operations in  
6460 this state, license revocation, bankruptcy or voluntary dissolution,  
6461 such licensee [shall provide written notice of surrender to the  
6462 commissioner and] shall surrender to the commissioner, in accordance  
6463 with subsection (c) of section 36a-51, as amended by this act, its license  
6464 for each location in which such licensee has ceased to engage in such  
6465 business. The [written notice of surrender] licensee shall also identify  
6466 to the commissioner, in writing, the location where the records of the  
6467 licensee will be stored and the name, address and telephone number of  
6468 an individual authorized to provide access to the records. The  
6469 surrender of a license does not reduce or eliminate the licensee's civil  
6470 or criminal liability arising from acts or omissions occurring prior to  
6471 the surrender of the license, including any administrative actions  
6472 undertaken by the commissioner to revoke or suspend a license, assess  
6473 a civil penalty, order restitution or exercise any other authority  
6474 provided to the commissioner.

6475 (e) [A license may be renewed for the ensuing twenty-four-month  
6476 period upon the filing of an application containing all required  
6477 documents and fees as provided in subsection (b) of this section. Such  
6478 renewal application shall be filed on or before September first of the  
6479 year in which the license expires. Any renewal application filed with  
6480 the commissioner after September first shall be accompanied by a one-  
6481 hundred-dollar late fee and any such filing shall be deemed to be

6482 timely and sufficient for purposes of subsection (b) of section 4-182.] If  
6483 an application for a renewal license has been filed with the  
6484 commissioner on or before the date the license expires, the license  
6485 sought to be renewed shall continue in full force and effect until the  
6486 issuance by the commissioner of the renewal license applied for or  
6487 until the commissioner has notified the licensee in writing of the  
6488 commissioner's refusal to issue such renewal license together with the  
6489 grounds upon which such refusal is based. The commissioner may  
6490 refuse to issue a renewal license (1) on any ground on which the  
6491 commissioner might refuse to issue an initial license, or (2) if the  
6492 applicant has not paid any required fee for renewal or has not paid any  
6493 outstanding examination fees or other moneys due to the  
6494 commissioner. The license of a student loan servicer failing to satisfy  
6495 the minimum standards for license renewal shall expire. The  
6496 commissioner may adopt procedures for the reinstatement of expired  
6497 licenses consistent with the standards established by the system.

6498 (f) [If the commissioner determines that a check filed with the  
6499 commissioner to pay a license or renewal fee has been dishonored, the  
6500 commissioner shall automatically suspend the license or the renewal  
6501 license that has been issued but is not yet effective. The commissioner  
6502 shall give the licensee notice of the automatic suspension pending  
6503 proceedings for revocation or refusal to renew and an opportunity for  
6504 a hearing on such actions in accordance with section 36a-51.] The  
6505 commissioner may automatically suspend a license if the licensee  
6506 receives a deficiency on the system indicating that a required payment  
6507 was Returned-ACH or returned pursuant to such other term as may be  
6508 utilized by the system to indicate that the payment was not accepted.  
6509 After a license has been automatically suspended pursuant to this  
6510 section, the commissioner shall (1) give the licensee notice of the  
6511 automatic suspension, pending proceedings for revocation or refusal  
6512 to renew pursuant to section 36a-852, as amended by this act, and an  
6513 opportunity for a hearing on such action in accordance with section  
6514 36a-51, as amended by this act, and (2) require such licensee to take or  
6515 refrain from taking such action as the commissioner deems necessary



6516 to effectuate the purposes of this section.

6517 (g) [The applicant or licensee shall notify the commissioner, in  
6518 writing, of any change in the information provided in its initial  
6519 application for a license or its most recent renewal application for such  
6520 license, as applicable, not later than ten business days after the  
6521 occurrence of the event that results in such information becoming  
6522 inaccurate.] Except as specified in section 36a-848, as amended by this  
6523 act, the applicant or licensee, and each individual designated as a  
6524 control person, qualified individual or branch manager, shall file to the  
6525 system any change in the information such applicant, licensee, control  
6526 person, qualified individual or branch manager most recently  
6527 submitted to the system in connection with the application or license,  
6528 or, if the information cannot be filed on the system, notify the  
6529 commissioner of such change, in writing, not later than fifteen days  
6530 after the date the applicant, licensee, control person, qualified  
6531 individual or branch manager had reason to know of the change.

6532 (h) The commissioner may deem an application for a license  
6533 abandoned if the applicant fails to respond to any request for  
6534 information required under sections 36a-846 to 36a-854, inclusive, as  
6535 amended by this act, or any regulations adopted pursuant to said  
6536 sections. The commissioner shall notify the applicant [ , in writing,] on  
6537 the system that if the applicant fails to submit such information not  
6538 later than sixty days after the date on which such request for  
6539 information was made, the application shall be deemed abandoned.  
6540 An application filing fee paid prior to the date an application is  
6541 deemed abandoned pursuant to this subsection shall not be refunded.  
6542 Abandonment of an application pursuant to this subsection shall not  
6543 preclude the applicant from submitting a new application for a license  
6544 under the provisions of sections 36a-846 to 36a-854, inclusive, as  
6545 amended by this act.

6546 Sec. 86. Section 36a-848 of the general statutes is repealed and the  
6547 following is substituted in lieu thereof (*Effective October 1, 2018*):

6548       (a) No person licensed to act within this state as a student loan  
6549       servicer shall do so under any other name or at any other place of  
6550       business than that named in the license. [Any change of location of a  
6551       place of business of a licensee shall require prior written notice to the  
6552       commissioner.] No licensee may use any name other than its legal  
6553       name or a fictitious name approved by the commissioner, provided  
6554       such licensee may not use its legal name if the commissioner  
6555       disapproves use of such name. A licensee may change the name of the  
6556       licensee or address of the office specified on the most recent filing with  
6557       the system if, at least thirty calendar days prior to such change, the  
6558       licensee files such change with the system and the commissioner does  
6559       not disapprove such change, in writing, or request further information  
6560       from the licensee within such thirty-day period. Not more than one  
6561       place of business shall be maintained under the same license but the  
6562       commissioner may issue more than one license to the same licensee  
6563       upon compliance with the provisions of sections 36a-846 to 36a-854,  
6564       inclusive, as amended by this act, as to each new licensee.

6565       (b) A license shall not be transferable or assignable. Any change in  
6566       any control person of the licensee, except a change of a director,  
6567       general partner or executive officer that is not the result of an  
6568       acquisition or change of control of the licensee, shall be the subject of  
6569       an advance change notice filed on the system at least thirty days prior  
6570       to the effective date of such change and no such change shall occur  
6571       without the commissioner's approval.

6572       (c) The commissioner may automatically suspend any license for a  
6573       violation of subsection (a) or (b) of this section. After a license has been  
6574       automatically suspended pursuant to this subsection, the  
6575       commissioner shall (1) give the licensee notice of such automatic  
6576       suspension pending proceedings for revocation of or refusal to renew  
6577       the license pursuant to section 36a-852, as amended by this act, and an  
6578       opportunity for a hearing in accordance with section 36a-51, as  
6579       amended by this act, and (2) require the licensee to take or refrain from  
6580       taking action as the commissioner deems necessary to effectuate the  
6581       purpose of this section.

6582        (d) A student loan servicer licensee shall file on the system or, if the  
6583 information cannot be filed on the system, notify the commissioner, in  
6584 writing, of the occurrence of any of the following developments not  
6585 later than fifteen days after the date the licensee had reason to know of  
6586 the occurrence of any of the following developments:

6587        (1) Filing for bankruptcy or the consummation of a corporate  
6588 restructuring of the licensee;

6589        (2) Filing of a criminal indictment against the licensee in any way  
6590 related to the student loan servicer activities of the licensee, or  
6591 receiving notification of the filing of any criminal felony indictment or  
6592 felony conviction of any control person, branch manager or qualified  
6593 individual of the licensee;

6594        (3) Receiving notification of the institution of license denial, cease  
6595 and desist, suspension or revocation procedures, or other formal or  
6596 informal action by any governmental agency against the licensee or  
6597 any control person, branch manager or qualified individual of the  
6598 licensee and the reasons therefor;

6599        (4) Receiving notification of the initiation of any action against the  
6600 licensee or any control person, branch manager or qualified individual  
6601 of the licensee by the Attorney General or the attorney general of any  
6602 other state and the reasons therefor; or

6603        (5) Receiving notification of filing for bankruptcy of any control  
6604 person, branch manager or qualified individual of the licensee.

6605        (e) Any person filing or submitting any information on the system  
6606 shall do so in accordance with the procedures and requirements of the  
6607 system and shall pay the applicable fees or charges to the system. Each  
6608 student loan servicer licensee shall, to the extent required by the  
6609 system, timely submit to the system accurate reports of condition that  
6610 shall be in such form and shall contain such information as the system  
6611 may require. Failure by a licensee to submit a timely and accurate  
6612 report of condition shall constitute a violation of this provision.

6613       (f) The unique identifier of any person licensed under section 36a-  
6614 847, as amended by this act, shall be clearly shown on all solicitations  
6615 and advertisements, including business cards and Internet web sites,  
6616 and any other documents as established by rule, regulation or order of  
6617 the commissioner, and shall be clearly stated in all audio solicitations  
6618 and advertisements. The solicitations and advertisements of any  
6619 person licensed under section 36a-847, as amended by this act: (1) Shall  
6620 not include any statement that such person is endorsed in any way by  
6621 this state, except that such solicitations and advertisements may  
6622 include a statement that such person is licensed in this state; (2) shall  
6623 not include any statement or claim that is deceptive, false or  
6624 misleading; (3) shall otherwise conform to the requirements of sections  
6625 36a-846 to 36a-854, inclusive, as amended by this act, any regulations  
6626 issued thereunder and any other applicable law; and (4) shall be  
6627 retained for two years from the date of use of such solicitation or  
6628 advertisement.

6629       Sec. 87. Section 36a-850 of the 2018 supplement to the general  
6630 statutes is repealed and the following is substituted in lieu thereof  
6631 (*Effective October 1, 2018*):

6632       No person who is required to be licensed and who is subject to the  
6633 provisions of sections 36a-846 to 36a-854, inclusive, as amended by this  
6634 act, and no control person shall, directly or indirectly:

6635       (1) Employ any scheme, device or artifice to defraud or mislead  
6636 student loan borrowers;

6637       (2) Engage in any unfair or deceptive practice toward any person or  
6638 misrepresent or omit any material information in connection with the  
6639 servicing of a student education loan, including, but not limited to,  
6640 misrepresenting the amount, nature or terms of any fee or payment  
6641 due or claimed to be due on a student education loan, the terms and  
6642 conditions of the loan agreement or the borrower's obligations under  
6643 the loan;

6644       (3) Obtain property by fraud or misrepresentation;

6645 (4) Knowingly misapply or recklessly apply student education loan  
6646 payments to the outstanding balance of a student education loan;

6647 (5) Knowingly or recklessly provide inaccurate information to a  
6648 credit bureau, thereby harming a student loan borrower's  
6649 creditworthiness;

6650 (6) Fail to report both the favorable and unfavorable payment  
6651 history of the student loan borrower to a nationally recognized  
6652 consumer credit bureau at least annually if the student loan servicer  
6653 licensee regularly reports information to a credit bureau;

6654 (7) Refuse to communicate with an authorized representative of the  
6655 student loan borrower who provides a written authorization signed by  
6656 the student loan borrower, provided the student loan servicer licensee  
6657 may adopt procedures reasonably related to verifying that the  
6658 representative is in fact authorized to act on behalf of the student loan  
6659 borrower;

6660 (8) Negligently make any false statement or knowingly and wilfully  
6661 make any omission of a material fact in connection with any  
6662 information or reports filed with a governmental agency or in  
6663 connection with any investigation conducted by the commissioner or  
6664 another governmental agency; [or]

6665 (9) Fail to establish, enforce and maintain policies and procedures  
6666 for supervising employees, agents and office operations that are  
6667 reasonably designed to achieve compliance with applicable student  
6668 loan servicing laws and regulations; or

6669 (10) Fail to comply with the service standards set by the  
6670 commissioner in accordance with section 59 of public act 16-65.

6671 Sec. 88. Section 36a-852 of the general statutes is repealed and the  
6672 following is substituted in lieu thereof (*Effective October 1, 2018*):

6673 (a) The commissioner may suspend, revoke or refuse to renew any  
6674 license issued under [the provisions of subsection (c) of] section 36a-

6675 847, as amended by this act, or take any other action, in accordance  
6676 with section 36a-51, as amended by this act, if the commissioner finds  
6677 that (1) the licensee or any control person, qualified individual, branch  
6678 manager, trustee, employee or agent of the licensee has violated any  
6679 provision of [sections 36a-846 to 36a-854, inclusive,] this title or any  
6680 regulation or order [lawfully made pursuant to and within the  
6681 authority of said sections] adopted or issued pursuant thereto  
6682 pertaining to such person, or any other law or regulation applicable to  
6683 the conduct of such licensee's student loan servicing business, or (2)  
6684 any fact or condition exists which, if it had existed at the time of the  
6685 original application for the license, clearly would have warranted a  
6686 denial of such license. [No abatement of the license fee shall be made if  
6687 the license is surrendered, revoked or suspended prior to the  
6688 expiration of the period for which it was issued.]

6689 (b) Whenever it appears to the commissioner that any (1) person has  
6690 violated, is violating or is about to violate any of the provisions of  
6691 sections 36a-846 to 36a-854, inclusive, as amended by this act, or any  
6692 regulation adopted pursuant to said sections, [or] (2) person is, was or  
6693 would be a cause of the violation of any such provision or regulation  
6694 due to an act or omission such person knew or should have known  
6695 would contribute to such violation, or (3) any licensee or any [owner,  
6696 director, officer, member, partner, shareholder] control person,  
6697 qualified individual, branch manager, trustee, employee or agent of  
6698 such licensee has committed any fraud, engaged in dishonest activities  
6699 or made any misrepresentation, the commissioner may take action  
6700 against such person or licensee in accordance with sections 36a-50 and  
6701 36a-52.

6702 (c) The commissioner may order a licensee to remove any individual  
6703 conducting business under sections 36a-846 to 36a-854, inclusive, as  
6704 amended by this act, from office and from employment or retention as  
6705 an independent contractor in the student loan servicer business in this  
6706 state in accordance with section 5 of this act.

6707 (d) The commissioner may issue a temporary order to cease

6708 business under a license if the commissioner determines that such  
6709 license was issued erroneously. Such temporary order shall be issued  
6710 in accordance with subsection (j) of section 36a-24b.

6711 Sec. 89. Subsection (b) of section 36a-59 of the general statutes is  
6712 repealed and the following is substituted in lieu thereof (*Effective*  
6713 *October 1, 2018*):

6714 (b) The commissioner may enter into cooperative, coordinating or  
6715 information-sharing agreements with any other state or federal  
6716 supervisory agency or any organization affiliated with or representing  
6717 such supervisory agency with respect to the examination, examination  
6718 fees or other supervision of any person subject to the provisions of  
6719 sections 36a-485 to [36a-812] 36a-854, inclusive, as amended by this act.  
6720 Any such agreement may include provisions concerning the  
6721 assessment or sharing of fees for such examination or supervision.

6722 Sec. 90. Section 36a-544 of the general statutes is repealed and the  
6723 following is substituted in lieu thereof (*Effective October 1, 2018*):

6724 (a) The commissioner may adopt regulations, in accordance with  
6725 chapter 54, as necessary to carry out the provisions of sections 36a-535  
6726 to [36a-546] 36a-547, inclusive, as amended by this act, including the  
6727 defining of any terms, whether or not used in said sections, so far as  
6728 the definitions are not inconsistent with the provisions of said sections.

6729 (b) No regulation may be adopted under this section unless the  
6730 commissioner finds that the action is necessary or appropriate in the  
6731 public interest or for the protection of purchasers and consistent with  
6732 the purposes fairly intended by the policy and provisions of sections  
6733 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act.

6734 Sec. 91. Section 36a-546 of the general statutes is repealed and the  
6735 following is substituted in lieu thereof (*Effective October 1, 2018*):

6736 Any individual, corporation, partnership, limited partnership,  
6737 association or other unincorporated enterprise, and any responsible

6738 officer, partner or employee thereof, who wilfully fails to comply with  
6739 or violates any of the provisions of sections 36a-535 to [36a-545] 36a-  
6740 547, inclusive, as amended by this act, or who engages in business as a  
6741 sales finance company without being licensed as a sales finance  
6742 company by the commissioner in accordance with the provisions of  
6743 said sections, shall be fined not more than five hundred dollars or  
6744 imprisoned not more than six months or both.

6745 Sec. 92. Section 36a-489a of the 2018 supplement to the general  
6746 statutes, as amended by section 8 of public act 17-233, is repealed and  
6747 the following is substituted in lieu thereof (*Effective January 1, 2019*):

6748 (a) (1) In order to meet the prelicensing education and testing  
6749 requirements referred to in [sections 36a-488 and] section 36a-489, as  
6750 amended by this act, an individual shall complete:

6751 (A) At least twenty hours of education approved in accordance with  
6752 subdivision (2) of this subsection, which shall include at least (i) three  
6753 hours of instruction on relevant federal law and regulations; (ii) three  
6754 hours of ethics training, including instruction on fraud, consumer  
6755 protection and fair lending issues; and (iii) two hours of training  
6756 related to lending standards for the nontraditional mortgage product  
6757 marketplace.

6758 (B) At least one hour of education approved in accordance with  
6759 subdivision (2) of this subsection on relevant Connecticut law.

6760 (2) For purposes of subdivision (1) of this subsection, prelicensing  
6761 education courses shall be reviewed and approved by the system  
6762 based upon reasonable standards. Review and approval of a  
6763 prelicensing education course shall include review and approval of the  
6764 course provider.

6765 (3) Nothing in this subsection shall preclude any prelicensing  
6766 education course, as approved by the system, that is provided by the  
6767 sponsor or employer of the individual or an entity which is affiliated  
6768 with the individual by an agency contract, or any subsidiary or affiliate



6769 of such sponsor, employer or entity.

6770 (4) Prelicensing education may be offered either in a classroom,  
6771 online or by any other means approved by the system.

6772 (5) When prelicensing education requirements described in  
6773 subdivision (1) of this subsection are completed in another state, such  
6774 out-of-state prelicensing education requirements shall be accepted as  
6775 credit towards completion of the prelicensing education requirements  
6776 of this state, provided such out-of-state prelicensing education  
6777 requirements are approved by the system.

6778 (6) (A) An individual previously licensed under section 36a-489, as  
6779 amended by this act, [subsequent to the applicable effective date of the  
6780 prelicensing and testing requirements referred to in section 36a-489,]  
6781 who is applying to be relicensed shall prove that such individual has  
6782 completed [all of the] any continuing education requirements [for the  
6783 year in which] in effect when the license was last held, except that an  
6784 individual required to retake prelicensing education pursuant to  
6785 subparagraph (B) of subdivision (7) and subparagraph (B) of  
6786 subdivision (8) of this subsection shall not be required to complete any  
6787 outstanding continuing education requirements.

6788 (B) An individual who previously held a position as a qualified  
6789 individual or branch manager, [subsequent to the applicable effective  
6790 date of the prelicensing and testing requirements referred to in section  
6791 36a-488,] at a time when such individual was not required to be  
6792 licensed as a mortgage loan originator, may not hold such position  
6793 again until such individual has completed all of the continuing  
6794 education requirements for the year in which such individual last held  
6795 such position and, effective November 1, 2012, has obtained the  
6796 required mortgage loan originator license.

6797 (7) (A) If an individual has not obtained a mortgage loan originator  
6798 license in any state or an active federal registration by the date that is  
6799 three years from the date such individual completed twenty hours of  
6800 prelicensing education pursuant to subparagraph (A) of subdivision

6801 (1) of this subsection, such individual shall be required to retake  
6802 twenty hours of prelicensing education in accordance with  
6803 subparagraph (A) of subdivision (1) of this subsection prior to being  
6804 licensed as either a mortgage loan originator or a loan processor or  
6805 underwriter.

6806 (B) If an individual previously held but no longer holds an  
6807 approved mortgage loan originator license in any state or an active  
6808 federal registration, such individual shall obtain a mortgage loan  
6809 originator license in any state or an active federal registration not later  
6810 than three years from the date such individual last held such license or  
6811 registration, or such individual shall retake twenty hours of  
6812 prelicensing education in accordance with subparagraph (A) of  
6813 subdivision (1) of this subsection prior to being licensed as a mortgage  
6814 loan originator or loan processor or underwriter.

6815 (8) (A) If an individual has not obtained a mortgage loan originator  
6816 license or a loan processor or underwriter license in this state by the  
6817 date that is three years from the date such individual completed one  
6818 hour of Connecticut specific prelicensing education pursuant to  
6819 subparagraph (B) of subdivision (1) of this subsection, such individual  
6820 shall retake one hour of Connecticut specific prelicensing education  
6821 prior to being licensed as a mortgage loan originator or loan processor  
6822 or underwriter.

6823 (B) If an individual previously held but no longer holds an  
6824 approved mortgage loan originator license or loan processor or  
6825 underwriter license in this state, such individual shall obtain a  
6826 mortgage loan originator license or loan processor or underwriter  
6827 license in this state not later than three years from the date such  
6828 individual last held such license, or such individual shall be required  
6829 to retake one hour of Connecticut specific prelicensing education in  
6830 accordance with subparagraph (B) of subdivision (1) of this subsection  
6831 prior to being licensed as a mortgage loan originator or loan processor  
6832 or underwriter.

6833 (b) (1) In order to meet the written test requirements referred to in  
6834 [sections 36a-488 and] section 36a-489, as amended by this act, an  
6835 individual shall pass, in accordance with the standards established  
6836 under this subsection, a qualified written test developed by the system  
6837 and administered by a test provider approved by the system based  
6838 upon reasonable standards.

6839 (2) A written test shall not be treated as a qualified written test for  
6840 purposes of subdivision (1) of this subsection unless the test  
6841 adequately measures the individual's knowledge and comprehension  
6842 in appropriate subject areas, including ethics, federal law and  
6843 regulation pertaining to mortgage origination, state law and regulation  
6844 pertaining to mortgage origination, and federal and state law and  
6845 regulation, including instruction on fraud, consumer protection, the  
6846 nontraditional mortgage marketplace and fair lending issues.

6847 (3) Nothing in this subsection shall prohibit a test provider  
6848 approved by the system from providing a test at the location of the  
6849 sponsor or employer, any subsidiary or affiliate of the sponsor or  
6850 employer or any entity with which the individual holds an exclusive  
6851 arrangement to conduct the business of a mortgage loan originator.

6852 (4) (A) An individual shall not be considered to have passed a  
6853 qualified written test unless the individual achieves a test score of not  
6854 less than seventy-five per cent correct answers to questions.

6855 (B) An individual may retake a test three consecutive times with  
6856 each consecutive taking occurring at least thirty days after the  
6857 preceding test. After failing three consecutive tests, an individual shall  
6858 wait at least six months before taking the test again.

6859 (C) (i) An individual who was previously licensed [subsequent to  
6860 the applicable effective date of the prelicensing and testing  
6861 requirements referred to in section 36a-489] as a mortgage loan  
6862 originator who completed the test in connection with such license and  
6863 who has not been licensed as a mortgage loan originator within the  
6864 five-year period preceding the date of the filing of such individual's

6865 application for a mortgage loan originator license, not taking into  
6866 account any time during which such individual [is] was a registered  
6867 mortgage loan originator, shall retake such test; and (ii) [effective  
6868 October 1, 2011,] an individual previously licensed as a loan processor  
6869 or underwriter who applies to be licensed again shall retake the test if  
6870 such individual has not been licensed as a loan processor or  
6871 underwriter within the five-year period preceding the date of the filing  
6872 of such application, not taking into account any time during which  
6873 such individual [is] was engaged in loan processing or underwriting  
6874 but not required to be licensed under subdivision (3) of subsection (b)  
6875 of section 36a-486.

6876 (c) (1) In order to meet the annual continuing education  
6877 requirements referred to in [subsections (a) and] subsection (b) of  
6878 section 36a-489, as amended by this act, a licensed mortgage loan  
6879 originator, a qualified individual or branch manager and [, effective  
6880 October 1, 2011,] a licensed loan processor or underwriter, shall  
6881 complete at least eight hours of education approved in accordance  
6882 with subdivision (2) of this subsection. Such courses shall include at  
6883 least (A) three hours of instruction on relevant federal law and  
6884 regulation; (B) two hours of ethics, including instruction on fraud,  
6885 consumer protection and fair lending issues; (C) two hours of training  
6886 related to lending standards for the nontraditional mortgage product  
6887 marketplace; and (D) effective January 1, 2015, one hour of relevant  
6888 Connecticut law.

6889 (2) For purposes of subdivision (1) of this subsection, continuing  
6890 education courses shall be reviewed and approved by the system  
6891 based upon reasonable standards. Review and approval of a  
6892 continuing education course shall include review and approval of the  
6893 course provider.

6894 (3) Nothing in this subsection shall preclude any education course  
6895 approved by the system that is provided by the sponsor or employer  
6896 or an entity that is affiliated with the mortgage loan originator,  
6897 qualified individual, [or] branch manager or [, effective October 1,

6898 2011,] loan processor or underwriter by an agency contract, or by any  
6899 subsidiary or affiliate of such sponsor, employer or entity.

6900 (4) Continuing education may be offered either in a classroom,  
6901 online or by any other means approved by the system.

6902 (5) Except as provided in procedures adopted under subsections (a)  
6903 and (b) of section 36a-489, as amended by this act, or in regulations  
6904 adopted under subdivision (9) of this subsection, a licensed mortgage  
6905 loan originator, qualified individual, [or] branch manager or [,  
6906 effective October 1, 2011,] a licensed loan processor or underwriter,  
6907 may only receive credit for a continuing education course in the year  
6908 for which the course is taken, and may not take the same approved  
6909 course in the same or successive years to meet the annual requirements  
6910 for continuing education.

6911 (6) A licensed mortgage loan originator, [or] a qualified individual,  
6912 [or] a branch manager or [, effective October 1, 2011,] a licensed loan  
6913 processor or underwriter who is an approved instructor of an  
6914 approved continuing education course may receive credit for the  
6915 licensee's own annual continuing education requirement at the rate of  
6916 two hours credit for every one hour taught.

6917 (7) When education requirements described in subparagraphs (A)(i)  
6918 to (A)(iii), inclusive, of subdivision (1) of subsection (a) of this section  
6919 are completed in another state, such out-of-state education  
6920 requirements shall be accepted as credit towards completion of the  
6921 education requirements of this state, provided such out-of-state  
6922 education requirements are approved by the system.

6923 (8) A licensed mortgage loan originator and [, effective October 1,  
6924 2011,] a licensed loan processor or underwriter who subsequently  
6925 becomes unlicensed must complete the continuing education  
6926 requirements for the last year in which the license was held prior to  
6927 issuance of an initial or renewed license. A qualified individual or  
6928 branch manager who ceases to hold such position shall complete the  
6929 continuing education requirements for the last year in which such

6930 individual or branch manager held such position prior to licensure as a  
6931 mortgage loan originator.

6932 (9) A person who meets the requirements of subparagraphs (A)(i)  
6933 and [(A)(iii)] (A)(ii) of subdivision (2) of subsection (a) or  
6934 subparagraphs (A)(i) and (A)(iii) of subdivision (2) of subsection (b) of  
6935 section 36a-489, as amended by this act, may compensate for any  
6936 deficiency in an individual's continuing education requirements  
6937 pursuant to regulations adopted by the commissioner.

6938 (d) For purposes of this section "nontraditional mortgage product"  
6939 means any mortgage product other than a thirty-year fixed rate  
6940 mortgage.

6941 Sec. 93. Subsection (a) of section 36a-679 of the general statutes is  
6942 repealed and the following is substituted in lieu thereof (*Effective*  
6943 *October 1, 2018*):

6944 (a) The commissioner may adopt regulations, in accordance with  
6945 chapter 54, to carry out the provisions of the Connecticut Truth-in-  
6946 Lending Act, [sections 36a-567, 36a-568,] subdivision (13) of subsection  
6947 (c) of section 36a-770, and sections 36a-771, 36a-774 and 36a-777. Such  
6948 regulations shall be consistent with the policy of this state as provided  
6949 in section 36a-677 and the Consumer Credit Protection Act.

6950 Sec. 94. Section 36a-497 of the 2018 supplement to the general  
6951 statutes is repealed and the following is substituted in lieu thereof  
6952 (*Effective October 1, 2018*):

6953 (a) No mortgage lender licensee, mortgage correspondent lender  
6954 licensee or mortgage broker licensee shall:

6955 (1) Advertise or cause to be advertised in this state, any residential  
6956 mortgage loan in which such person intends to act only as a mortgage  
6957 broker unless the advertisement includes the following statement,  
6958 clearly and conspicuously expressed: [MORTGAGE] "MORTGAGE  
6959 BROKER ONLY, NOT A MORTGAGE LENDER OR MORTGAGE

6960 CORRESPONDENT [LENDER] LENDER"; or

6961 (2) In connection with an advertisement in this state, use (A) a  
6962 simulated check; (B) a comparison between the loan payments under  
6963 the residential mortgage loan offered and the loan payments under a  
6964 hypothetical loan or extension of credit, unless the advertisement  
6965 includes, with respect to both the hypothetical loan or extension of  
6966 credit and the residential mortgage loan being offered, the interest rate,  
6967 the loan balance, the total amount of finance charges, the total number  
6968 of payments and the monthly payment amount that would be required  
6969 to pay off the outstanding loan balance shown; (C) representations  
6970 such as "verified as eligible", "eligible", "preapproved", "prequalified"  
6971 or similar words or phrases, without also disclosing, in immediate  
6972 proximity to and in similar size print, language which sets forth  
6973 prerequisites to qualify for the residential mortgage loan, including,  
6974 but not limited to, income verification, credit check, and property  
6975 appraisal or evaluation; or (D) any words or symbols in the  
6976 advertisement or on the envelope containing the advertisement that  
6977 give the appearance that the mailing was sent by a government  
6978 agency.

6979 (b) (1) Each lead generator licensee shall include the following  
6980 statement in all advertisements of residential mortgage loans and  
6981 solicitations of leads by mail, electronic mail or through such licensee's  
6982 Internet web site, clearly and conspicuously expressed: "LEAD  
6983 GENERATOR ONLY, NOT ACTING IN THE CAPACITY OF A  
6984 MORTGAGE LOAN ORIGINATOR, MORTGAGE BROKER,  
6985 MORTGAGE CORRESPONDENT LENDER OR MORTGAGE  
6986 LENDER. INFORMATION RECEIVED WILL BE SHARED WITH  
6987 ONE OR MORE THIRD PARTIES IN CONNECTION WITH YOUR  
6988 RESIDENTIAL MORTGAGE LOAN INQUIRY."

6989 (2) No person required to be licensed as a lead generator shall: (A)  
6990 Accept payment of any advance fee, as defined in section 36a-485, as  
6991 amended by this act, in connection with a residential mortgage loan, or  
6992 (B) use, sell, lease, exchange or otherwise [~~transferor~~] transfer or

6993 release information received from a consumer in connection with a  
6994 residential mortgage loan inquiry for purposes other than as necessary  
6995 to facilitate a residential mortgage loan transaction.

6996 Sec. 95. (*Effective October 1, 2018*) On or before January 1, 2019, the  
6997 Banking Commissioner shall submit a report, in accordance with the  
6998 provisions of section 11-4a of the general statutes, to the joint standing  
6999 committee of the General Assembly having cognizance of matters  
7000 relating to banking concerning the status of the Student Loan  
7001 Ombudsman designated under section 36a-25 of the general statutes.

7002 Sec. 96. Subsection (d) of section 36a-558 of the 2018 supplement to  
7003 the general statutes is repealed and the following is substituted in lieu  
7004 thereof (*Effective October 1, 2018*):

7005 (d) Small loans that are the subject of the activities set forth in  
7006 subsections (a) and (b) of this section shall not contain:

7007 (1) For a small loan that is under five thousand dollars, an annual  
7008 percentage rate that exceeds the lesser of thirty-six per cent or the  
7009 maximum annual percentage rate for interest that is permitted with  
7010 respect to the consumer credit extended under the Military Lending  
7011 Act, 10 USC 987 et seq., as amended from time to time, or for a small  
7012 loan that is between five thousand and fifteen thousand dollars, an  
7013 annual percentage rate that exceeds twenty-five per cent;

7014 (2) For other than an open-end small loan, a provision that increases  
7015 the interest rate due to payment default;

7016 (3) A payment schedule with regular periodic payments that when  
7017 aggregated do not fully amortize the outstanding principal balance;

7018 (4) A payment schedule with regular periodic payments that cause  
7019 the principal balance to increase;

7020 (5) A payment schedule that consolidates more than two periodic  
7021 payments and pays them in advance from the proceeds, unless such  
7022 payments are required to be escrowed by a governmental agency;



- 7023 (6) A prepayment penalty;
- 7024 (7) An adjustable rate provision;
- 7025 (8) A waiver of participation in a class action or a provision  
7026 requiring a borrower, whether acting individually or on behalf of  
7027 others similarly situated, to assert any claim or defense in a nonjudicial  
7028 forum that: (A) Utilizes principles that are inconsistent with the law as  
7029 set forth in the general statutes or common law; or (B) limits any claim  
7030 or defense the borrower may have;
- 7031 (9) A call provision that permits the lender, in its sole discretion, to  
7032 accelerate the indebtedness, except when repayment of the loan is  
7033 accelerated by a bona fide default pursuant to a due-on-sale clause;
- 7034 (10) A security interest, except as provided in subsection (e) of this  
7035 section; or
- 7036 (11) Fees or charges of any kind, except as expressly permitted by  
7037 subsection (e) of this section.
- 7038 Sec. 97. Section 36a-547 of the 2018 supplement to the general  
7039 statutes is repealed and the following is substituted in lieu thereof  
7040 (*Effective October 1, 2018*):
- 7041 On and after October 1, [2016] 2018, a sales finance company, as  
7042 defined in section 36a-535, shall acquire and maintain adequate  
7043 records in the form and manner as the commissioner shall direct in  
7044 each retail installment contract acquired by purchase, discount, pledge,  
7045 loan, advance or otherwise, and any application for a retail installment  
7046 contract, covering the retail sale of a motor vehicle in the state that has  
7047 been reviewed by the sales finance company or relates to a retail  
7048 installment contract acquired by the sales finance company, including,  
7049 but not limited to, the: (1) Name, address, income, [and] credit score,  
7050 ethnicity, race and sex of the applicant and any coapplicants; [and, if  
7051 known, the ethnicity, race and sex of such individuals;] (2) type,  
7052 amount and annual percentage rate of the loan; and (3) disposition of

7053 the application. Such records shall be made available to the Banking  
7054 Commissioner not later than five business days after a request for such  
7055 records by the commissioner. Each sales finance company shall retain  
7056 such records for not less than two years after the date of the  
7057 application for applications that were denied or, for any retail  
7058 installment contract that was acquired, for not less than two years after  
7059 the date of final payment or sale or assignment of such contract,  
7060 whichever occurs first, or such longer period as may be required by  
7061 any other provision of law. On or before [January 30, 2017] July 1, 2019,  
7062 each licensee shall provide to the commissioner the records collected  
7063 between October 1, [2016] 2018, to [December 31, 2016] June 30, 2019,  
7064 inclusive.

7065 Sec. 98. Subdivision (14) of section 36a-2 of the general statutes is  
7066 repealed and the following is substituted in lieu thereof (*Effective*  
7067 *October 1, 2018*):

7068 (14) "Connecticut credit union service organization" means a credit  
7069 union service organization that is (A) incorporated under the laws of  
7070 this state, located in this state and established by at least one  
7071 Connecticut credit union, or (B) wholly owned by a credit union that  
7072 converted into a Connecticut credit union pursuant to section 36a-  
7073 469b;

7074 Sec. 99. Section 36a-461a of the general statutes is amended by  
7075 adding subsection (l) as follows (*Effective October 1, 2018*):

7076 (NEW) (l) A Connecticut credit union that proposes to close a  
7077 Connecticut credit union service organization shall submit to the  
7078 commissioner a notice of the proposed closing not later than thirty  
7079 days prior to the date proposed for such closing. The notice shall  
7080 include a detailed statement of the reasons for the decision to close the  
7081 credit union service organization.

7082 Sec. 100. Subsection (h) of section 36a-70 of the general statutes is  
7083 repealed and the following is substituted in lieu thereof (*Effective*  
7084 *October 1, 2018*):

7085 (h) (1) [The approving authority shall consider the following factors  
7086 before granting a temporary certificate of authority: (A) The  
7087 population of the area to be served by the proposed Connecticut bank;  
7088 (B) the adequacy of existing banking facilities in the area to be served  
7089 by the proposed Connecticut bank; (C) the convenience and necessity  
7090 to the public of the proposed facilities; and (D) the character and  
7091 experience of the proposed directors and officers. (2)] The application  
7092 shall be approved if the approving authority determines that: (A) [That  
7093 the] The interest of the public will be served to advantage by the  
7094 establishment of the proposed Connecticut bank; (B) [that conditions in  
7095 the locality in which] the proposed bank [will transact business afford]  
7096 shows reasonable promise of successful operation; and (C) [that] the  
7097 proposed directors and officers possess the capacity, character and  
7098 [fitness] experience for the duties and responsibilities with which they  
7099 will be charged.

7100 (2) In determining whether the public will be served to advantage  
7101 under subdivision (1) of this subsection, the approving authority shall  
7102 consider the following factors in light of the proposed business plan of  
7103 the proposed Connecticut bank: (A) The population of the area to be  
7104 served by the proposed Connecticut bank; (B) the competitive effect of  
7105 the proposed Connecticut bank on the availability and quality of  
7106 services in the market area to be served; (C) the likely impact of the  
7107 proposed Connecticut bank on other financial institutions in the  
7108 market area to be served; and (D) the convenience and needs of the  
7109 market area to be served.

7110 (3) Except as otherwise provided in subsections (p), (q), (r), (s) and  
7111 (t) of this section, the approving authority shall be, in the case of an  
7112 application to organize a bank and trust company or a capital stock  
7113 savings bank, a majority of the commissioner, State Treasurer, and  
7114 State Comptroller, and, in the case of an application to organize a  
7115 mutual savings bank or a mutual or capital stock savings and loan  
7116 association, the commissioner acting alone.

7117 Sec. 101. Section 36a-498f of the 2018 supplement to the general

7118 statutes is repealed. (*Effective October 1, 2018*)

7119 Sec. 102. Sections 36a-572 and 36a-719i of the general statutes are  
 7120 repealed. (*Effective October 1, 2018*)"

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	36a-1
Sec. 2	<i>October 1, 2018</i>	36a-3
Sec. 3	<i>October 1, 2018</i>	36a-17
Sec. 4	<i>October 1, 2018</i>	36a-51(c)
Sec. 5	<i>October 1, 2018</i>	New section
Sec. 6	<i>October 1, 2018</i>	36a-65
Sec. 7	<i>October 1, 2018</i>	36a-485
Sec. 8	<i>October 1, 2018</i>	36a-486(a)
Sec. 9	<i>October 1, 2018</i>	36a-487
Sec. 10	<i>October 1, 2018</i>	36a-488
Sec. 11	<i>October 1, 2018</i>	36a-489
Sec. 12	<i>October 1, 2018</i>	36a-490
Sec. 13	<i>October 1, 2018</i>	36a-492
Sec. 14	<i>October 1, 2018</i>	36a-493
Sec. 15	<i>October 1, 2018</i>	36a-494
Sec. 16	<i>October 1, 2018</i>	36a-496
Sec. 17	<i>October 1, 2018</i>	36a-498
Sec. 18	<i>October 1, 2018</i>	36a-498a(a)
Sec. 19	<i>October 1, 2018</i>	36a-498d
Sec. 20	<i>October 1, 2018</i>	36a-498e
Sec. 21	<i>October 1, 2018</i>	36a-498g
Sec. 22	<i>October 1, 2018</i>	36a-534b
Sec. 23	<i>October 1, 2018</i>	36a-535
Sec. 24	<i>October 1, 2018</i>	36a-536
Sec. 25	<i>October 1, 2018</i>	36a-537
Sec. 26	<i>October 1, 2018</i>	36a-539
Sec. 27	<i>October 1, 2018</i>	36a-540
Sec. 28	<i>October 1, 2018</i>	36a-541
Sec. 29	<i>October 1, 2018</i>	36a-542
Sec. 30	<i>October 1, 2018</i>	36a-543
Sec. 31	<i>October 1, 2018</i>	36a-557(a)(4)
Sec. 32	<i>October 1, 2018</i>	36a-557(c)

Sec. 33	October 1, 2018	36a-560(3)
Sec. 34	October 1, 2018	36a-562
Sec. 35	October 1, 2018	36a-564
Sec. 36	October 1, 2018	36a-565(e) and (f)
Sec. 37	October 1, 2018	36a-566
Sec. 38	October 1, 2018	36a-567
Sec. 39	October 1, 2018	36a-568(b)
Sec. 40	October 1, 2018	36a-570
Sec. 41	October 1, 2018	36a-573
Sec. 42	October 1, 2018	36a-580
Sec. 43	October 1, 2018	36a-581
Sec. 44	October 1, 2018	36a-582
Sec. 45	October 1, 2018	36a-583
Sec. 46	October 1, 2018	36a-584(c)
Sec. 47	October 1, 2018	36a-586
Sec. 48	October 1, 2018	36a-587
Sec. 49	October 1, 2018	36a-596
Sec. 50	October 1, 2018	36a-597(a)
Sec. 51	October 1, 2018	36a-598
Sec. 52	October 1, 2018	36a-599
Sec. 53	October 1, 2018	36a-600
Sec. 54	October 1, 2018	36a-601
Sec. 55	October 1, 2018	36a-602(c)
Sec. 56	October 1, 2018	36a-605
Sec. 57	October 1, 2018	36a-606
Sec. 58	October 1, 2018	36a-607(a)
Sec. 59	October 1, 2018	36a-608
Sec. 60	July 1, 2019	36a-611
Sec. 61	October 1, 2018	36a-612
Sec. 62	October 1, 2018	36a-655
Sec. 63	October 1, 2018	36a-656
Sec. 64	October 1, 2018	36a-657
Sec. 65	October 1, 2018	36a-658
Sec. 66	October 1, 2018	36a-664
Sec. 67	October 1, 2018	36a-671
Sec. 68	October 1, 2018	36a-671a
Sec. 69	October 1, 2018	36a-671d
Sec. 70	October 1, 2018	36a-715(2)
Sec. 71	October 1, 2018	36a-718
Sec. 72	October 1, 2018	36a-719

Sec. 73	<i>October 1, 2018</i>	36a-719a
Sec. 74	<i>October 1, 2018</i>	36a-719c
Sec. 75	<i>October 1, 2018</i>	36a-719e
Sec. 76	<i>July 1, 2018</i>	36a-719h(a)(19)
Sec. 77	<i>October 1, 2018</i>	36a-719j
Sec. 78	<i>October 1, 2018</i>	36a-800
Sec. 79	<i>October 1, 2018</i>	36a-801
Sec. 80	<i>October 1, 2018</i>	36a-802
Sec. 81	<i>October 1, 2018</i>	36a-804
Sec. 82	<i>October 1, 2018</i>	36a-805(a)
Sec. 83	<i>October 1, 2018</i>	36a-811(b)
Sec. 84	<i>October 1, 2018</i>	36a-846
Sec. 85	<i>October 1, 2018</i>	36a-847
Sec. 86	<i>October 1, 2018</i>	36a-848
Sec. 87	<i>October 1, 2018</i>	36a-850
Sec. 88	<i>October 1, 2018</i>	36a-852
Sec. 89	<i>October 1, 2018</i>	36a-59(b)
Sec. 90	<i>October 1, 2018</i>	36a-544
Sec. 91	<i>October 1, 2018</i>	36a-546
Sec. 92	<i>January 1, 2019</i>	36a-489a
Sec. 93	<i>October 1, 2018</i>	36a-679(a)
Sec. 94	<i>October 1, 2018</i>	36a-497
Sec. 95	<i>October 1, 2018</i>	New section
Sec. 96	<i>October 1, 2018</i>	36a-558(d)
Sec. 97	<i>October 1, 2018</i>	36a-547
Sec. 98	<i>October 1, 2018</i>	36a-2(14)
Sec. 99	<i>October 1, 2018</i>	36a-461a
Sec. 100	<i>October 1, 2018</i>	36a-70(h)
Sec. 101	<i>October 1, 2018</i>	Repealer section
Sec. 102	<i>October 1, 2018</i>	Repealer section